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# FINANCIALTIM

Friday May 30 1980

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## NEWS SUMMARY

Bass General

# Nurses told 14% is limit

The Prime Minister told and Beet Britain'a 490,000 nurses and index e midwives yesterday that there Page 40 would be no improvement on Mrs. Thatcher told a deputaion of nurses' leaders at Downing Street that the Sovernment had more than

nonoured its pledge to nurses. Uniona swiftly responded with talks of industrial action n what had been described as he profession's most serious pay crisis since 1973. Back Page

Rights leader shot vernon Jordan, leader of one of the oldest civil rights groups n the U.S., was critically ill in a Fort Wayne, Indiana, hospital after being shot in the back.

### Gallagher held

fenry Gallagher, wanted for mestioning after the murders an elderly Kent priest and ns housekceper, was arrested a York widow's back garden filer a chase across a railway

### War warning

hinese leader Hua Gonfeng, n Tokyo for a five-day official isit, atlacked Soviet policies as ie warned Japan of the growing laoger of war and pledged loser co-operation between the we Asian powers. China news, age 4 and 6.

### 3aton charge

landreds of Zimbabwe women, ome with babies strapped to heir backs, were halon charged y police as they demonstrated or the second day against dieged police harassment.

### **3oxer elects trial**

cight boxing champion John Gardner was given uncondiinnal hail when he elected trial . UK'a latest commercial oil t the Inner London Crown lourt charged with assaulting wine merchant.

### **Vew TV** chiefs

Trade Secretary nrmer driving Dell, chairman and met executive of the Guinness ea! Group, and actor Sir ichard Atlenburough are lo be tairman and deputy chairman spectively of the fourth namel felevision company.

### irand Prix move

panish Grand Prix organisers re ready to pay a deposil on us imposed on 14 top drivers cosure they take part in Sunay's race at Jarama. The 14 ere suspended after refusing · pay fines for failing to attend c-race briefings.

### Vest Indies win

est Indies (198) beat England 741 by 24 runs in the first rudential one-day international Headingley. Chris Tavare, ho made 82 not out in his ngland debut, was chosen man the match.

### ions player out

ritish Lions Rugby Union ever Fran Cotton is suffering pericardial is — accumulaon of fluid in the muscles ound the heart-and will not ay in the rest of the South frican tour.

### ree for all

ore than 50 Type fishing fleet iats plan to give away free fish Newcastle housewives today a protest over cheap fish

riefly . . . ominic Wigan's four selections

Fyer (Mont. L.) ... 91. +

3M 69 + 5 1SMO 653 + 23

Istate Exploration 75 +

ntral Pacific Mins. £29

uthern Pacific Pet £11} +

icheq. t2% 99-02 £911 -- i ibrock Int. ...... 76 -- 4

FALLS 31 + 7

ogers

rata Oil

# the Financial Times all won Brighton yesterday. Today's clug Page 22

CHIEF PRICE CHANGES YESTERDAY Tices in pence puless otherwise indicated) Borthwick (T.) ... 36 = 6
Breat Chems. 132 = 6
Brunning 35 = 8
Bullough 148 = 8
Dunhill 295 = 13 RISES rehequer 3% 1984 £73 ..... 295 — t3 pper-Neill ..... Farncii Elec. ...... 250 — 9
Freemans (London,
SW9) 112 — 8 urtaulds ..... 72 eenall Whitley ... 185

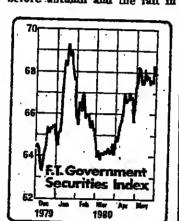
**BUSINESS** 

# **Equities** up 1.2; Sterling weakens

No. 28,179

• EQUITIES were given a boost by good results from Courtanids and Beecham. The FT 30 share index ended 1.2 up at 417.8.

• GILTS eased after predictions that an MLR cut is unlikely before antumn and the fall in



sterling. The Government Securities Index closed 0.16 down # 67.87. Page 40

DOLLAR improved, closing al DM 1.7780 (DM 1.7730), in spite of the expected cut in U.S. interest rates. Its trade weighted index remained at 84.1. Page 34

 STERLING weakened followlug a general switch to other currencies, dropping to \$2,3443 before closing at \$2,3465, a fall of L25c. Its trade weikhted index fell to 74.4 (74.6). Page 34

● GOLD fell \$5 in London to close at \$518.5. Page 34

• WALL STREET was down 2.04 at 858.28 near the close. Page 35

· ENERGY consumption in the UK fell by 6.6 per cent to the first quarter of this year compared with the same period last year. Consumption of oil products fell by 14.4 per cent. Back

field is at Humbly Grove Farm, next to the A32 near Basingstoke, Hampshire. Back Page

• BRITISH RAIL chairman Sir Peter Parker said an independent company may be set up lo own and operate a Channel tunnel. Page 10

• ILFORD, the 100-year-old phtneraphic film company, told employees that urgent action would be taken soon to remedy deteriorating financial position. Back Page

· MASSEY FERGUSON, the farm equipment group, is to suspend prinduction at its U.S. and Canadian plants for three montha instead of one this summer because of a fall in

 INSTITUTIONAL investora are questioning whether public companies should be involved in the caming industry after the recent closure of Ladbroke's

London easings and objections

to Chral licenses. Page 9 • CORAL Leisure Group, faced with the possible loss of casino profits (£11m in 1979), inlends in reduce ils horrowings by selling its hotel business to a foreign company. Back Page

• THOMAS BORTHWICK, the international meat trader, suffered a loss of £0.99m for the six months to March, against a profil of £5.64m previously. Page 28; Lex, Back Page

• REECHAM, the pharmaceutical and consumer products group, reported pre-tax profit of £136.8m, againsi £144m, for the year. Page 26; Lex, Back Page

• ICL, the computer systems group, increased pre-tax profit by 111 per cent to £20.5m on a turnover of £346.3m (£285m) for the half-year to March. Page 26; Lex, Back Page

SW9) 112 - 8 Lee Cooper 203 - 12 Prop. Sec. Inc. 175 - 11 Richards & Wallington 4t - 11 Robertson Foods 117 - 7 Skeichley 244 - 6 Tate & Lyle 122 - 4

BP 332 - 5
Candecea 138 - 6
Carless Capel 129 - 4
Doornfontein 629 - 21

East Driefoutein ... £101
Randfontein ... £281

# Capital spending expected to decline by 3%

BY DAVID MARSH

VOLUME of capital investment by manufacturing industry is expected to fall by about 10 per cent this year, its steepest decline since 1972.

Spending may be cut by a similar amount in 1981 as the recession hites deeply into companies' plana for new plant and equipment.

The forecast of one of the most depressed periods for manufacturing investment since the war is contained in a survey of industry's investment inten-tions published yesterday by the Department of Industry.

The gloom is relieved some what by the prospect of a 3 per cent rise in investment in 1980 by the relatively buoyant service and distributive industries, which accounted for nearly 60 per cent of total investment last year. Allowing for this, overall capital spending by industry is

expected to drop by about 3 per cent this year, the first fall since 1976 after average annual increases of 71 per cent in the past three years. The reduction in spending is result of a further drop in

business confidence since the department published its last survey in January.

to sign new export contracts or

extend agreements despite the

at midnight last night.

orders

Government sanctions imposed

This major exemption from

the Government's trade embargo

was disclosed with the publica-

tion yesterday of two sanctions

Trade Department officials

claimed the exemptions did not

represent any change in policy.

The sanctions being enforced

were as severe as any being impnsed by other EEC countries.

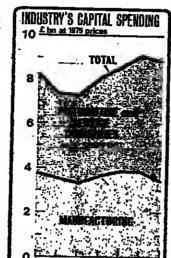
The overall growth of Britain's

export trade with Iran-running

at £56m last month and fast

recovering from the slump which followed the Iranian

revolution-is expected to be



increases and high interest The survey is based oo returns submitted by companies between the end of March and mid-May. Financial pressures on the corporate sector have, however, been increased by events in the past fortnight.

Government ministers have repeatedly rejected any early The manufacturing sector in cut on interest rates in spite particular is facing a severe of calls from business leaders. financial squeeze caused by And the sharp rise of the pound weakening demand, large wage to its highest levels for five

UK sanctions will not hit

existing trade with Iran

BRITISH companies already worth up to £100m a year and The sanctions orders impose

Britain's exports to Iran, will

Cther companies will also be

able to develop, increase and

The Government's policy is likely to provoke angry reac-tions from the U.S. Government.

The Carter Administration is

already bitterly disappointed by the decision, made in response

to Commons pressure, to exempt

all contracts signed before last

sanctions policy welcomed the

But political opponents of the

even diversify their busioess.

BY PHILIP RAWSTORNE IN LONDON AND ANDREW WHITLEY IN TEHRAN

escape the sanctions.

years has aggravated the diffi-culties that industry faces from

foreign competition.

The Confederation of British Industry reported this week that manufacturing companies' orders were falling. Latest Government figures for March show that manufacturing ontput has fallen 8 per cent since the middle of last year, and the CBI predicts a drop of 41 per cent for 1980 as a whole

for 1980 as a whole. Yesterday's survey suggests that total industrial investment is likely to fall to £8.85bn this year at constant 1975 prices compared with the record £9.08bn in 1979, which was 6 per cent higher than the previous

Manufacturing investment is forecast to drop by between 8 and 12 per cent to an estimated £3.45bn, while spending by the distributive and service sector (excluding shipping) is expected to rise by 3 per cent

Investment by the services aector has been increasing much faster than in manufacturing during recent years. This reflects partly much faster growth in this area, and partly the expansion of leasing, under which the service sector invests in fixed assets which it then companies.

Editorial Comment, Page 24

goods except specified food-stuffs, medical products and certain other products which

could be used for medical or

The supply or transport of goods from the UK and

dependent territories is also

According to one sanctions

opponent yesterday, however,

the effect of the exemptions is

that "if you are exporting

coaches you can oow drive the

borses through as well."
The Trade Department con-

surgical purposes.

probibited

# Laggers threaten to spread dispute

By John Lloyd, Labour Correspondent

THE TUC was yesterday given two weeks to solve the bitter of Grain power station.

A special delegale meeting of General and Muoicipal Workers
Union insulation engineers, lag-

gers, decided that if the TUC fails to resolve the issue in that time the GMWU should call out on strike 500 laggers working at five other Central Electricity Generating Board construction sites and at operating power stationa.

The stations under construction are the oil fired stations of Ince and Liftlebrook D, and the nuclear stations of Dungeness. Hartlepool and Heysham.

After a further two weeks without a solution the union should call another delegate meeting to consider further action, possibly including the 5,000-6,000 laggers on sites

throughout the country.
The meeting's decisions must be ratified by the GMWU executive. This is regarded as a formality and may take place

today. Mr. John Baldwin, general secretary of the Amalgamated Union of Engineering Workers' construction aection—the major union on the other side of the Isle of Grain dispute—promised that if his members' jobs were threatened by the GMWU action he would supply replacement laggers, as at the Isle of Grain. It is understood the Central Electricity Generating Board is

not concerned by the threat to power supply or to construction. It believes that even if all GMWU laggers strike, its stations and sites will be staffed by replacements from

other unions.

It is also thought to be highly sceptical of the value of further talks with the TUC, believing that the earlier proposals by the TUC amounted to an open the talks of the largers.

cheque for the laggers.
The CEGB has thus formed a solid front with the other craft nnions-including the electritrading with Iran will be able representing one third of embargoes on the export of all cians, hollermakers, sheetmetalworkers and the AUEW against the GMWU's demands that its high bonuses be retained and that the replacement laggers on the Isle of Grain be withdrawn.

The stance which the CEGB has taken is shared by the con-Continued on Back Page

£ in New York

apot 82,3500-3530 \$2,3750-3770 1 month, 1,72-1,65 dis 1,72-1,62 dis 3 months 4,08-4,01 dis 4,18-4,08 dis 2 months 10,50-19,50 dis 10,95-19,75 dis

# **EEC** partners struggle over **UK** demands

BY JOHN WYLES AND MARGARET VAN HATTEM IN BRUSSELS

FACED WITH the prospect of ments to the EEC budget are a depening crisis, Britain's EEC mct;
partners were struggling last • Until New Zealand agrees to night to produce an offer which curb its lamb exports to the might satisfy UK demands for large cuts in Community hudget • And until the Dutch are satisfied with a clause providing for payments.

هكذامنالأجل

By early evening there were only flickering hopes of a final agreement among EEC Foreign Ministers. But the distant possibility of a breakthrough was strengtheoed by progress in a parallel meeting of Farm Ministers here. Ministers here.

They finally reached broad conditional agrement on a set-tlement of the Anglo-French lamb war. The lamb deal would not, however, go into effect until settlement of the budget prob-

For several months settle-ment of the lamb row has been a condition of French agreement to any new budget deal for the British. Thus, last night's break-through on lamb was expected to give a psychological boost to the Foreign Ministers' teose and

difficult negotiations.

The breakthrough came when Britain dropped its tough opposition to using EEC money to buy up surplus French lamb and mutton, thus opening the way for ao agreement to include lamb in the Common Agricultural Policy. EEC Farm Ministers agreed

subsidise community lamb

on a package of measures to

siderably to the overall cost of long-term agricultural policy. The Foreign Ministers' nego-lialions on the budget issue opened encouragingly when the other eight made their first revised offer of culs in Britain'a hudget hurden since the abortive EEC summit in Luxem bourg a month ago. Moreover, it was the first offer received

by the UK of an arrangement

The scheme will not in itself raise retail prices in Britain, where the subsidies wil come

directly out of the EEC hudget

and will not affect market prices. But it will add con-

subsidisc exports.

which would last for three years, one of the minimum demands of Mrs. Margaret Thatcher, the Prime Minister. However, the proposal was worth about £130m less than the offer covering 1980 and 1981 turned down by Mrs. Thatcher in Luxembourg. As a result it was unlikely to meet her approval. Even less likely to attract her was a condition attached by France to the offer that the UK undertake not to

agreed over the next two years by the other eight. The package cannot be implemented until Britain's demands for a cut in its pay.

Lord Carrington, the UK
Foreign Secretary, countered with proposals which could reduce the UK's acticipated
Continued on Rock Proposals.

block any farm price Increases

## Record \$6.4m for Turner

BY ANTONY THORNCROFT TURNER'S Juliet and Her

Nurse sold for \$6.4m at Sotheby Parke Bernet yesterday-an anction record for a work of art. The sterling pares with the previous record £2.3m paid at Christie's in 1970 for a Velasquez portrait.

The Turner was sold by Mrs. Flora Whitney Miller of New York. Part of the proceeds will benefit the Whitney Museum in New York. The buyer was the widow of an Argentinian industrialist who also acquired impressionists in New York two weeks ago.

Juliet and Her Nurse aroused controversy when it was first shown at the Royal Academy in 1836 but was

defended by Knakin, in a famons essay, as an ontstanding example of the development of Turner's painting stylc. The painting sold in 1878 for £5,460 and in 1893 for £8,400. substantial sums at the time, before going to the U.S. in 1901 to joint the Whitney family collection. The under bidder yesterday

was Mr. Slanley Seeger, the recent purchaser of the late Paul Getty's English home, Sutton Place in Surrey. If Mr. Seeger had been successful the Turner would have returned to the UK. A bottle of 1822 Chateau Lafite sold for \$31,000 at a San Francisco aution to Mr. Jobn Grisanti, a restaurant

Saleroom, Page 9

# Courtaulds makes £68.1m profit

gramme of closures and redundancies, reported a slightly increased pre-tax profit, for ita financial year up to March, 1980, of £68.1m compared with £64m in the previous year.

As be announced the figures yesterday, Mr. Christopher Hogg. Courtaulds chairman. said that high interest rates and unfavourable unfavourable exchange-rate movements were causing the severest squeeze on trading performance that the group had experienced in the past 10

The latest figures from the group showed extraordinary items of £29.8m, compared with £3.7m, of which about £26m The group said yesterday that

results for the past financial year "benefited from the rationalisation measures taken in this and previous years. The effects were, however, obscured by the reduced competitiveness of sterling, which eroded export margins and stimulated import competition.

Results were also adversely affected by the increasingly poor trading conditions in the second half of the year, which still persist." But profits of overseas companies improved. Mr. Hogg said the group con-tinues to review all its activi-ties. "If we haven't got a viable

operation then we close it." he

COURTAULDS, the troubled represented provisions for the textiles giant which bas been cost of reorganisation and carrying out an extensive pro- closures. rates "are pretty painful for

> During the year ending in March, Courtaulds slimmed its workforce by about 12,500 through redundancies and closures. On the Stock Market through Courtaulds shares rose 3p to

Courtaulds announced in the past month its intention to close three mills in Lancashire, with a loss of about 750 jobs: another of its fibre-producing of 560 jobs; and two factories in Cumbria with a loss of 670

South Africa: the mounting tension 24 UK defence research: when the dark is light enough to sense an enemy . . . . 25 Portugal: Lisbon mayor's Herculean Energy review: U.S. turning alcohol into fuel .....

Management: Aurora after consolidating

Around Britain: Hereford-hopes for a chicken and cider summer ...... 22 Lembard: California's proposition 9 by Anatole Kaletsky ...... 22 Editorial comment: financial markets;

Property: rents fail to beat inflation 36 Survey: Singapore banking and 

# widening of the exemptions, which had not been foreshadowed by Government for example, would be able to Ministers. These mean that sign new contracts for the export of other domestic equipment of the exemptions. checked by the embargo. prevented But the Talbot cars deal, Iran. Details of UK orders. Page 6

plants — at Carrickfergus, Northern Ireland—with a loss

Details, Page 26

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talking to the Soviet Union ...... 24

ponders its next course ...... 16 INTERIM STATEMENTS Inti. Companies ... 30, 33 Greenell Whitley ... Tate & Lyle ...... Rio Tinto-Zine For latest Share Index 'phone 01-246 8025

# NINETYNINE **BISHOPSGATE** 50,000 sq.ft.prime offices arranged on 5 floors Apply to joint agents Richard Ellis

Dockworkers' strike

blocking 60% of

# Russia admits Afghanistan 'interference'

BY DAVID SATTER IN MOSCOW

Mr. Alexander Bovin, has the "anti-imperialist revolu-acknowledged that the Marxist tion" from being drowned in Government in Afghanistan the "blood of the revolulacks mass support and that the tionaries." Soviet invasion was interference in Afghanistan's internal affairs. atatements have stressed that His article on Afghanistan is the Soviet Union sent troops to

Mr. Bovin, the chief commen-tator for the Government news-paper Izvestia, wrole in a recent "external aggression" has been issue of the English-language the hasis for a series of Soviet weekly "Moscow News" that "peace" proposals which have weekly "Moscow News" that "peace" proposals which have the Soviet Union knew the in-received wide attention in the vasion would be unpopular, hut

A SENIOR Soviet commentator, entered Afghanistao to prevent All previous Soviet official

the frankest yet to appear in the Soviet Press.

Afghanistan to help the "legal Government" deter "foreign Government " aggression."

Third World, acknowledged that the Moslem iosurgents in Afghanistan were not foreign agents but Afghans, and that Iran." rehels, far from being ricted to "gansters and restricted to "gansters and criminals," had the support of a "noticeable part of the

The Soviet Union was obliged to support the Afghan revolu-tion, Mr. Bovin said. The "downtrodden and ignorant

Mr. Bovin, however, in an peasantry does not lend itself argument apparently aimed at easily to "revolutionary trans-Communists in the West and the formation," hut to have let the revolutian be defeated would have meant seeing Afghanistan turned into a "kind of Shah's

> Mr. Bovin said the Marrist regime did not perhaps "lean on the movement of the masses" but the "political vanguard" in Afghanistan seized power he-cause they could "not sit impassively on the shore of a vast sea of human suffering."

Soviet intervention should understand that "if you are against Soviet military aid to revolutionary Afghanistan then counter-revolution."

Mr. Bovin said that non-interference in the affairs of another country is a "good thing," but the principles of international law do not exist in a "vacuum." There are situa-tions where "non-interference is a shame and a betrayal. Democrats, humanists and Such a situation developed in "even revolutionaries" who Afghanistan."

### Nine get together on summer time

By John Wyles in Brussels

BRITAIN, IRELAND and the continental members of the EEC are close to an historic agreement on a common date for the start of summer time. This would greatly help the timetable problems of inter-national airlines, railways

But while they may be able to reduce the frequent time between Britain, and continental Europe, the Nine have not yet managed to agree on a common date for turning the clocks hack at the end of

Here there is a basic conflict between the taste for long daylight hours in north-west Europe and the desire else-where to avoid dark early

As a result, Britain and Ireland are likely to stick with October 26 as the end of summer time while the rest of the EEC remains faithful September 28, tha data on which many of their summer-time rail schedules come to

At their meeting in Luxen-bourg on Juna 24 EEC Trans port Ministers are expected to approve a directive requir-ing member states to introduce summer time in the last week of March in 1981 and 1982.

hey have encountered a problem for 1983 for which the proposed date will be Palm Sunday, which West Germany and France claim coincides with tha start of important school holidays and raises, as a result, railway timetahling problems. The European Commission ha

been trying to encourage harmonisation of summer time for several years hut was unable to make much progress until all of the Nine actually introduced lt. This happened for the first time this year when West Germany ceased to be the laggard.

West Germany had been unable to follow the other eight in embracing summer time until persuaded East Germany to do likewise, since an hour difference between West and East Berlin could have created considerable

**Sweden's exports** BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLK THE SWEDISH dockers' strike, dispensation from the union to which entered its 18th day yesterday with no settlement in sight, is blocking about 60 per in Gothenhurg 800 out of 1,100 yesterday with no settlement in sight, is blocking about 60 per cent of the country's exports, and costing exporters about SKr 2.5bn (£295m) in weekly dock workers are on strike, and

have virtually closed the port. The car ferries are still operating from the south Swedish ports of Malmo and Helsinghorg, hut no freighters are being dis-charged or loaded. The 20 dockers on strike in Malmo are preventing the remaining 180 2 per cent since the middle of the month.

from working. The strike is organised by the small Harbour Workers' Union which is not a member nf . the celled plans to lay off about hine-collar unions' federation. 8,000 workers in Gothenburg the LO, and is therefore not a since it has started to ship cars party to the pay settlement conparty to the pay settlement con-cluded on May 12 between the LO and the employers' associ-

deliveries to the continent hy ation-road and rail. The The 2.400 members of the Harbour Workers' Union are and paper companies, which are calling for a 10 per cent pay worst hit by the strike, will start increase and the right to negotithe employers, instead of having to hang on to the coat tails of the 45,000-strong Transport Warkers' Union. This has the right to negotiate contracts for controls only a minority

### German inflation tops 6%

BY JONATHAN CARR IN BONN

income, according to official

The strike is also affecting the

Stockholm stock market, where share prices have fallen by some

Companies are frantically searching for alternative ship-

ping routes. Volvo has can-

and trucks through Frederikstad in Norway, and has stepped up

But the north Swedish pulp

laying off workers next week. Svenska Cellulosa has given notice to 1,300 workers, and

MoDo expects to send 500 home. Pikington will have to close

its float glass operation next week and lay off 70 of the 250

employers at its Haimstad factory, unless it can obtain

estimates

THE COST of living in West living has recently ben slowing. Germany in May was 6.1 per Prices rose by 1.1 per cent in cent higher than in the same February against January, by 0.6 month last year, the first time per cent in both March and the 6 per cent figure has been exceeded here for five years.

The preliminary figure for May issued by the Federal Statistical Office underlines the Government's admission that its hopes of an average 4.5 per cent inflation rate for 1980 cannot

be fulfilled. The country's leading economic institutes believe an average of 5.5 per cent is likely, compared with 4.1 per cent last year and 2.6 per cent in 1978. So far this year the trend at an annual rate has been no-wards, from 5.6 per cent in February and March to 5.8 per

cent in April. However, this year-on-year method of comparison partly distorts the picture, the month-tomonth figures indicate that the rise has been emphasised by rate of increase in the cost of fall of the Deutsche Mark.

April against the preceding months, and now by 0.5 per cent in May compared with April. In any case most authorities expect some downturn in economic activity in the second half of this year, and with it a reduction in inflation at an

annnal as well as a month-onmonth rate. The Bundesbank has signalled its own determination to fight inflation by raising the discount

and Lomhard rates, most recently nn May 2 to 7.5 per cent and 9.5 per cent respec-But import prices have also risen strongly—by mnre than a

pared with a year earlier. This rise has been emphasised by the

# Fears over germ war

By David Tonge

capacity

WESTEEN governments are still concerned that the Soviet Union has developed germ warfare agents in contravention of a treaty signed in 1972 banning biological weapons. In March this year there were reports that hundreds of Russians hed died in April 1979 after authrax germs escaped from a military installation near Sverdlovsk, a town in the Urals closed to

The United Stales has made persistent requests for an explanation, but yesterday the State Department was reported as saying: "As of regarding the incident have not been alleviated."

Soviet Union has insisted that the deaths were from gastric anthrax, cansed hy contaminated heef. But Western governments helieve that the number of deaths and the speed with which they occurred do not support the Sovict claim. Western intelligence reports received In the past two months suggest that the deaths were caused by pulmonary anthrax. spread after a leak from a stock of the bacteria. Western disarra

disarmament experts say that this would be the first time that the Soviet Union had flouted a treaty it had signed. They are concerned at the implications for the broader process of arms control.

According to the U.S. Defence Intelligence Agency, a Soviet military commander idlied himself after the

# Bonn cool to wider trade ban on Moscow

HIGH-LEVEL economic talks between the Soviet Union and West Germany yesterday demonstrated Moscow's strong need for further supplies of Western technology to prop up parts of its ailing economy. At made clear that a comprehensive emhargo on sales of techoology to the Soviet Union would also hit the West German

The talks between Mr.
Nikolai Tikhonov, the Soviet
Deputy Premier, and Count
Otto Lambsdorff. the West German Economics Minister, touched on the effects of a trade embargo and a tightening of NATO's "Cocom" list of banned high technology exports to Moscow. Both were U.S. pro-posals initiated after the Soviet Invasion of Afghanistan. But the two ministers concentrated more on long-term economic co-operation in energy and raw

mining and metallurgical German machinery. Bonn repeated its belief that trade between West and East

dorff has just returned from economic talks in Romania and Mr. Tikhonov is the most senior Soviet official to visit Bonn since the Afghan invasion, and he will

Chancellor

meet Chance Schmidt today. The interdependence of the Soviet and West German economies was underlined by worth of goods, mainly oil and

machinery and steel products, were worth DM 1.8bn. an increase of over 23 per cent. Europe should continue, and A study released yesterday even be increased, despite the by the IFO economic research Afghanistan crisis. Count Lamsinstitute shows how hard a technology emhargo would hurt the Soviet economy. In an Hungary.

The Soviet visit also has an analysis of 14 major German technology deals with Moscow, important political dimension.

He Tither out is the soviet of the soviet Union is soma 10 years behind Germany in automated assem-bly and robot production, in Helmnt sp cialist machine construction and in electropics.

The Soviet Union buys German technology for immediate use, and also as a model to figures released by the imitate for the development of Economics Ministry yesterday. its own products, or to avoid They show that West Germany lengthy and costly domestic imported DM 1.7bn (£407m) development of plant in areas development of plant in areas where capacity is short. Congas, from the Soviet Union in tracts with Germany and other the first quarter, a rise of over Western countries are also often 29 per cent against the same coupled with attractive service period last year, while West and training guarantees.



# Analysts doubt Soviet targets will be met

BY LESLIE COLITT IN BERLIN

A WEST GERMAN analysis of worker officially intended to be energy supplies and external the Soviet economy doubts reached this year is to come whether it will attain its about mainly by productivity increases. Last year output per planned 4 per cent growth worker rose only 0.5 per cent, target this year, even if agriculture achieves its goal of tation of Soviet statistics. 9 per cent higher output.

The German Institute of West Berlin notes that this year's officially projected 4 per cent growth in produced national income compares with nnly 1.5 per cent actual growth which the Soviet economy achieved last year, the lowest organisation of production. since 1945. It says the 3.5 per In addition, it says, the

The same barriers as in the past continue to stand in the way Economic Research (DIW) in of improved productivity in the Soviet Union, DIW says. It lists them as rigidity in the economic apparatus, waste of energy and raw materials, lack of innovation, insufficient labour discipline and shortcomings in the

factors such as the development of relations with the West.

The institute's Comecon sec-tion notes in the analysis that the Soviat Union wants to expand primary energy supplies DIW says reform measures by 4.5 per cent this year after were introduced last year actual growth of only 3 per cent designed to improve the effectiveness of industrial and investments, Capital

Industrial production this year is to rise, according to Soviet planning, by 45 per cent after expanding by 3.5 per cent last year against a 5.5 per ceot target. The chemical industry since 1945. It says the 3.5 per In addition, it says, there is in particular is supposed to in-meet cent growth in output per uncertainty over domestic crease output by 9 per cent after ture.

growing 1 per cent last year. Mechanical engineering is to remain the leading industrial sector with a planned growth this year of 6.5 per cent against

cent according to official figures after a planned growth of 4.5 per cent. This year total investments are to go up hy 3 per ceot with a 5 per cent invest meet growth target for agricul-

### Pope begins French visit today

AFTER A break of 176 years, a Pope today sets foot in France. The four-day visit of by a Pope since the trip of Pius VII for Napoleon's corona-tion as Emperor which eoded in a brief and inglorious imprisonment at Fontalnehleau.

The relationship between the

Papacy and French Catholicism has grown much easier and, in a television message this week, John Paul went ant of his way to revive the ancient description of Fraoce as the "eldest daughter" of the Church, as if to emphasise its special position. The trip itself has aroused some velled criticism for its spectacular style. The Pope will be ferried by helicopter from Orly Airport to be greeted in the Champs-Elysees by President Giscard d'Estaing. After a Mass at Notre Dame, John Paul will end his first day with

a trip down the Seine on a hateau mouche steamer.
The Pope is clearly concerned at the state of the French Church, which has suffered from a sharp decline in church-going in recent years, and an even greater fall in the number of priests ordained.

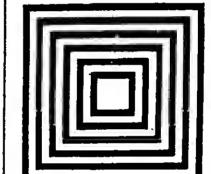
John Paul spoke on French television of the "crisis of erowth" in French Catholicism and will be seeking to inspire a revival with his presence.

### Inflation slows downs in Turkey

By Metin Munir In Ankara INFLATION SLOWED down to Turkey last month amid indica-tions that the economy has started to feel some beoefits from the draconlan stabilisation measures introduced by Mr.
Snleyman Demirel, the free
enterprise-oriented Prime Minister, four months ago.
The wholesale price index

The wholesale price index rose 2.3 per cent in April compared to 4.4 per cent in March, 29.2 per cent in February and 9.2 per cent in January this year. April was the lowest rate of inflation in 16 months. There are other signs of improvement. Shortages have largely been eliminated, manufacturing cangely has risen and facturing capacity has risen and prices of many industrial raw materials and coosumer items have started coming down as the tight control on money supply and the curb on public spending have dampeoed.

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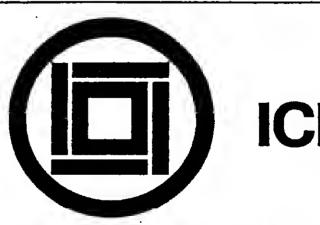
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REPRESENTATIVE OFFICES: MILAN - CORSO EUROPA, 12 - TEL 780379 - 780450 NAPLES - VIA MEDINA, 40 - TEL 264568 - 264781

The Ordinary General Stockholders Meeting has approved the Balance Sheet for the year 1979 which closed with profits amounting to 4.6 billion lire after having set aside reserve funds for 125 billion lire.

The share capital, reserve funds and special contingency fund amount to 647 billion lire.

Loans outstanding amount to 15,686 billion lire and bonds in circulation to 15,669 billion lire.



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The Ordinary General Stockholders Meeting has approved the Balance Sheet for the year 1979 which closed with the accounts in balance after having set aside reserve funds for 87 billion lire.

The share capital, reserve funds and special contingency fund amount to 316 billion lire.

During 1980 the share capital of the Istituto will increase from 21 billion lire to 210 billion lire, following the subscription by Stockholders of the entire capital increase voted last year. Loans outstanding amount to

3.722 billion lire and bonds in circulation to 3,882 billion lire,



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# Political feuds block key Italy bank appointments CORNWELL IN ROME COVERING THE MILE STREET STREE

to a virtual standstill the already delayed process of naming new chief executives to most of the country's chain of ant banks in the Veneto region, banks.

These include several important regional savings objects of fierce interest to banks.

Despite a host of promises to Despite a nost or promises to the contrary, Sig. Filippo Maria Pandolfi. the Treasury Minister savings bank which, with the chairman of the interministerial credit committee responsible for finalising the largest savings bank and one of the interministerial credit committee responsible for finalising the largest savings bank and one of the interministerial credit committee responsible for finalising the largest savings bank and one of the interministerial credit committee. appointments, has managed only a snail's progress in resolving impasses which have seriously affected the banks' work. Two meetings in the past

week-after a series of increasingly embarrassing postpone-ments—have settled but 27 of the 150 posts outstanding, one of which, that of the Ferrara savings bank, will have been unfilled for 13 years by this August. The most sensitiva

**Portuguese** 

Provisional Bank of Portugal

panded by 10.5 per cent com-

pared to the government

Esc 39bn a year ago.

The main stimulus for expan-

become cheaper following the

6 per cent revaluation of the

lighted the Government's dif-

term economic policies. The

Treasury bills through the

Bank of Portugal in order to

more open money market

slimulate the growth of

This development has high-

warning

on credit

apointments, covering the richest and largest savings banks, bove been put back at last until after the regional alexicons on Inna 2. elections on June 8:

objects of herce interest to factions of the ruling Christian Democrat party, and the presithe biggest components of the

Italian banking system: The political importance of the banks derive above all from with the granting of loans to their key local infinence, in areas which traditionally are power-bases of one or other of the three coalition parties: to produce a short list of quali-Socialists, Republicans or fied candidates for the posts, Christian Democrats—but most but the politicians in some cases usually the latter.

they attract almost a third of total deposits in the banking

However, the political feuding has undarlined the problems of the entire banking system. One of the potentially most serious aspects is the risk of new political interference in the workings of the central bank, still smarting from last year's affair in which a Deputy Director - General imprisoned briefly on spurious allegations of misconduct in connection the bankrupt SIR chemical

groop.

It is the central bank's taak As such, too, they are par-ticularly attractive homes of included.

### TRAFFIC, DIRT, HOME SHORTAGES The Herculean task

BY JIMMY BURNS IN LISBON

STATE-OWNED banks will be penalised if they break the Bank of Portugal'a strict credit guidelines, Sr. Anibal LISBON'S newly elected mayor sits amid chandeliers and velvet in the Municipal Palace. Behind Cavaco Silva, the Finance Minister, said yesterday. They have been consistently him hangs a large painting of the Marques de Pombal, the 18th century Prime Minister whom many Portuguese regard broken by the majority of banks since the beginning of the year, a situation which as their greatest. Flanked by the Minister described as bis advisers, Pombal plans the "worrying" during a seminar rebuilding of Lishon after tha on private earthquake of 1755 left hardly

a boose standing, Sr. Nuno Abecassis, Lisbon's figures show that in the first first Christian Democrat mayor ties. Indeed, devolution is the quarter of 1980 credit to the since the 1974 revolution, public and private sectors ex-believes his task to be no less Herculean. When he took on the job after the Democratic target of S per cent. Total Alliance's sweeping victory in laws which were approved last domestic credit issued during the municipal elactions last year by all the parliamentary this period is valued at December, Abecassis found a Esc 89bn compared to capital in desperate need of

Lisbon has earned itself the ungracious distinction of being Banks have been told that nuless credit expansion is controlled in the second Europe's smallest, most over-quarter they will be forced to crowded, and dirtiest capital, with all the problems of a major increase the cash they have with all the problems of a major to deposit with the central metropolia and none of the advantages.

sion has come from the public About a quarter of Lisbon's 1m population live in cramped sector, although credit to the private sector has also been above the ceilings. Banks say a number of state companies and unhygienic conditions, some 100,000 in "barracas" or shanty huts lo and around the capital. have switched from foreign to Lisbon is not just the capital domestic borrowing which has of Portugal, it is the country's

are included, one in five Portuguese live ln greater Lisbon and Portugal is as topficulties in applying Its short-

The Portuguese voted in their Finance Ministry recognises first "free" local elections in public expenditure. the need to control money 1976 but financial, administra-supply for inflation reasons. tive and political control has tive and political control has remained centralised in a state bureaucracy, inflated by But an excessive credit But an excessive squeeze would go against the bureaucracy, inflated by squeeze would go against the bureaucracy and decolonisation. growth and increased invest. The 1976 elections should have given local authorities power The Government, however, has over planning and building but indicated that it may issue the obsession with finding a Treasury bills through the "national solution" to the "national solution" to Portugal's political and economic problems bas kept local authorities as

facing Lisbon's mayor

which never come

The one problem spared tha Lisbon council until now has been bankruptcy. How could I inherit debts if my predecessors had no money to spend? Portugal's ruling coalition of

Social Democrats, Christian

Democrats, and Monarchists is

committed to devolving greater responsibility to the municipalipolicy around which the опе coalition has managed to achieve consensus. The Government inherited two progressive parties and which are designed to take devolution beyond mere theory. The Law of Local Finances sets aside a minimum of 18 per cent of tha yearly national budget for local government; the Law of Local Government defines and extends the powers of local councillors and cuts through much red

The Government has shown itself more generous with political than with financial devolution. Transfers of funds are limited by the need to restrain the budget deficit, and thus in-flation. After years of neglect, the local authorities themselves largest town and chief port. If could not absorb and corecently approved budget for 1980-81, the Government has set aside Esc 30.4bn (£270m) in transfers to the local authorities, or only 8 per cent of total

But, for Sr. Abecassis, the political devolution stipulated in the Law of Local Government is a step in the right direction. He insists that his administration will break with the ideological wish-wash of his Socialist predecessors and opt instead for a pragmatic approach to the problems of every-day Lasbon.

Local society

and cultural facilities.

To tackle the housing shortage, the Lisbon Municipality, one of Portugal's largest land owners, will offer large tracts of the city and its surroundings at cheap rates. It will screen construction projects to provide not "just the build-ing of alabs but a fully integrated local society of shops, green areas, and sports

atantial proportion of the completed property will be put for sale or rent at "social " rather than "commercial" rents. Sr. Abecassis claims Portugal's largely private construction industry bave received the

The municipality will then seek guarantees that a sub-

schame warmly as a first incentive to invest since the revolution. He believes that, in the next

five to seven years, 150,000 new homes could eradicate a large part if not all of Lisbon's shanty

problem. Sr. Abecassis hopes that the housing scheme will leave the municipality with enough money over the next few years to tackle the problem of traffic. "In a democracy, a govern-ment connot prevent the people from coming into their capital. It can bowever try to divert them." Sr. Abecassis says. As a first step, he is studying a project that will involve extending the city's transport system to large cat parks in the out-

The municipality has already speni about Es lbn in a partial extension of the Metropolitan underground line and intends to hoost Lisbon's hus fleet from 700 to 1,200 vehicles.

For the moment, shortage of funds will delay the Es 50hn extension of Lisbon's ring and major access roads, many of which were left uncompleted at the revolution. But Sr. Abecassis' third priority, the Clean up Lisbon Campaign'

is well under way. Less successful has been an attempt to whitewash the peeling posters and fading graffiti. Six years after the revolution, many Lisbonites believe that this particular "face-lift" smacks of ceosorship. It is an ideological problem which Sr. Abecassia would like to solve in a pragmatic way.

### African states 'to meet on Namibia'

By Our Foreign Staff THE frontline African states seeking independence for Namibla are expected to hold a summit on the South African-ruled territory in Lasaka early next week. According to Westero dip-lomats, senior members of the Governments of Zambia, Angela. Botswana and prob-ably Tanzania and Mozam-

the meetings.

It is not yet clear whether the newly independent government of Zimhabwe will be represented. Nor is it clear whether the frontline states intend to launch a new initiative on Namibia cur-rently the subject of a UN Western-backed settlement

bique are expected to attend

Mr. Sam Nujoma, President of the nationalist movement SWAPO, will today hold talks with Lord Carrington, the British Foreign Secretary, in London. Britain has been a leading member of the second leading member of the group of five Western states which spearheaded the UN initiative three years ago. In Windhoek, the Namibian

capital, Dr. Gerrit Viljoen, South African administrator-general of Namibia, yesterday accused Mr. Nujoma of making new demands aimed at delaying or wrecking the current settlement aftempt.

At the United Nations, Angola has accused South Africa of using force to try to instal Angolan dissidents along a proposed demilitar-ised zone bordering Namibia, Angola's permanent repre-

aentative Elisio de Figueiredo sent Dr. Kurt Waldheim, the UN Secretary-General, a letter saying that tha most recent attack by South African forces on May 24 had left 200 Angolans dead and "countless injured, with untold material damage and

FEARS FOR UNREST AND INSTABILITY IN MONROVIA

# Liberia pays the price for change

IN THE clinging heat of the Liberian Supreme Court, one of five officers trying former members of President William Tolbert's Government, dozes quietly in his chair. A few feet n front of him, an ex-Deputy Minister of Justice sweats under the arclights of the television cameras as he stresses the good ba has done during 10 years of Government service. He is one of more than 100 officials from President Tol-bert's administration awaiting trial since the bloody coup which brought Master Sergeant

Samuel Doe to power on April 12. Thirteen ministers had already been tried and shot before Sgt. Doe agreed to stop the executions. Those found guilty of the broadly defined charge of treason now face a maximum of life imprisonment. .In the eerie silence of the empty courtroom, two or three a day answer the standard questions about their tenure of office and their assets. Although the public and foreign press is officially banned, it is possible to sit and watch while statements are laboriously typed out by a young aolider, pausing only to ask bow to spell

Outside in the street, Liberia's supposing that unrest will conbustling little capital of Mon- tinue in the small, 2,000-strong rovia has returned to a daceptively familiar way of life. Trade goes on at its usual frantic pace and the soldiers while the bulk of the army is have nearly all been cleared Loma from Loma County. frantic pace and the soluters white have nearly all been cleared Loma from Loma County. from the streets. But at night, Middle-ranking officers are said even the infamous bars on to be disgruntled at the way or been promoted shutters down long before the 11 o'clock curfew and the streets are abandoned to sporadic soldiers themselves are unlikely patrols of troops

For although life appears to after their have returned to normal in the conp. Monrovia the new Government lives with regular nervous glances over its shoulder. Everyone, including the new regime, expects a counter coup, but no one knows when. The only safe prediction being made the April OAU economic sumbill during a full financial year, coup, that stab in Liberia is that the country mit in Lagos. And earlier this Ministry of Finance officials a long way off.

The trial in Monrovia of former government officials charged with high treason has been suspended for administrative reasons, according to a senior military official. Reuter reports. Lieut.-Col. Frank Senkpeni, chairman of the special military tribunal trying over 80 officials of the Government

هكذامنالأجل

of the late President William Tolbart, deposed by the military Government of Master Sergeant Samnel Doe left, last month, said the trial could resume when certain basic necessities had been

The People's Bedemption Council has also decided that all officials of the new Government will have to declare their assets

faces a prolonged period of political and economic insta-

Already this month, several officers bave been arrested for allegedly plotting a counter-coup against the 15-msn People's Redemption Council, and an atmosphere of mutual suspicion and fear pervades the armed forces. There are seven reasons for

armed forces. The redemption Council is dominated by mem-bers of the small Krahn tribe, power or been promoted through the ranks. And the to enjoy being back in barracks after their rampages following

To add to the nucertainty surrounding Liberia's future, fellow African countries bava ostracised it politically. Mr. Baccus Matthews, the Foreign Minister, was turned away from

week Sgt. Doe was refused acress to the Economic Community of West Africao States meeting in Lome, Togo.

Although African countries disapprove of the way the new regime took over, they have made no pronouncement on what Liberia must do to make itself more acceptable. A number of Governments are clearly country both to pay for last unhappy that Sgt. Doe has given year's \$100m OAU summit and no indication of what his Government's plans are for the future and if and when they intend stepping down. That silence seems likely to add to interval and external friction. Much depends on the per-

formance of the economy over the coming months. The new siderably to the country's pressing economic troubles by giving a large pay rise to the military and lower-paid civil servants.

"It's the price you pay for neutralising the opposition," said one diplomat. But the decision to raise wages by up to 100 per ceot will add nearly

such generosity.
"Somehow we gotta satisfy the people's raised expectations without letting the economy go to pot," said a Finance Ministry official in a Liberian drawl. But so far the Redemption Council has stumbled along without a coherent line to its policies.

said, and Liberla can ill afford

Instead, the Council tells its 19-man cabinet, ten of whom are civilians, that it wants to keep prices down, raise wages and spread wealth more evenly without trying to reconcile such conflictiog ideas.

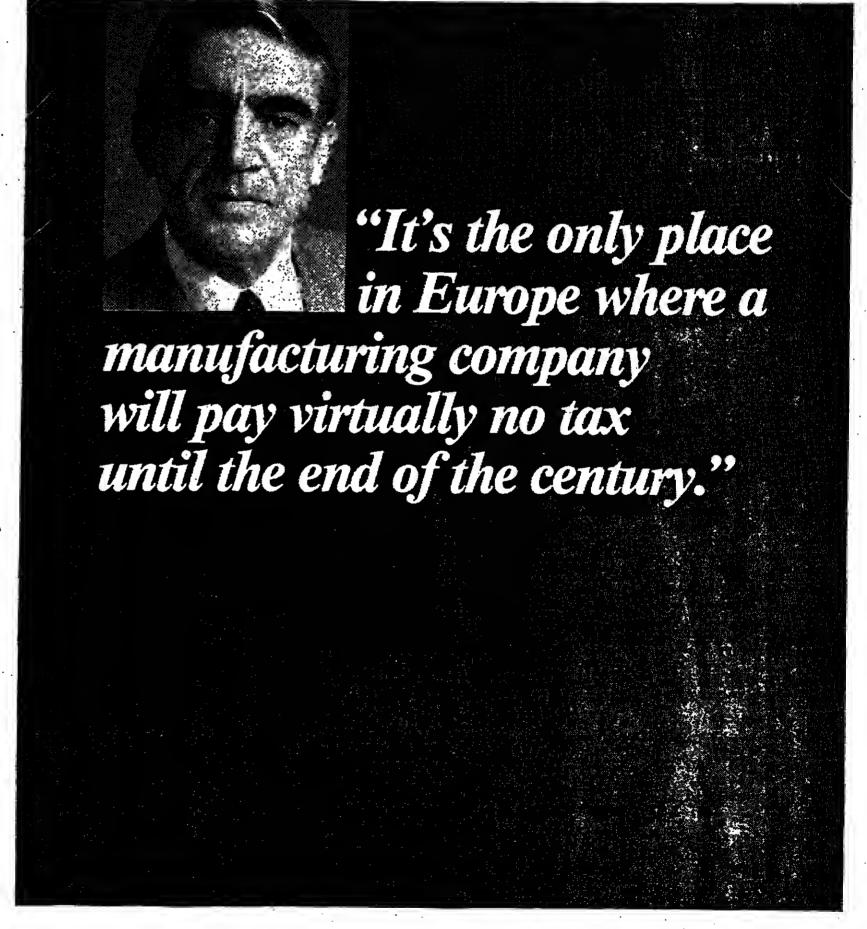
The man charged with implementing the Redemption Council's vague economic pro-

economics professor, Dr. Togba-Nah Tipoteh. He bas inherited a budget deficil for the current financial year of at least \$40m. total external deht of \$700m and falling revenues for the country's principal commodity, iron ore, halance-of-payments

position cannot be calculated because Liberia uses the U.S. dollar and there has been no restriction on transfers until the new regime took over. there has been a considerable flight of money from the because of the present uncertainty. Although the Government has

as yet come to no decision on as yet come to no decision on property belonging to men found guilty by the tribunal it is likely that some will be seized. An audit is being carried out on the assets of the Tolbert family which, said Dr. Nah-Tipoteh, run into "bundreds of millions of dollars." Economists say it will take more than this to put the

Liberian economy back in order. In the long run, they say, Liberia's economic depends on its stability and attractiveness to foreign investors. Six weeks after the \$34m to the Government's wage casual brutality of Liberia's bill during a full financial year, coup, that stability still seems



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OPEN LETTER TO THE SHAREHOLDERS OF GEORGE EWER & CO. LIMITED ("EWER")

letter of 23rd May and, perhaps, may have obtained a copy of the offer document for Eastern Tractors (Holdings) Limited (" Tractors ").

that now need answering:

1. Mr. Ewer refets to out being critical of Tractors' 1979 profit WHY NOT?

Ewer Group will be more broadly based with greater profit potential." WHAT EXACTLY DOES THIS SENTENCE MEAN IN TERMS OF EWER'S PROFITS!

Ewet's offer for Tractors is conditional on, amongst other things, the passing of various special resolutions by Tractors.

THE SIGNIFICANT FEATURE OF THE TRACTORS DEAL—
TO WHICH MR. EWER MAKES NO REFERENCE AT ALL—
IS ITS DILUTING EFFECT UPON THE EARNINGS AND PERCENTAGE OWNERSHIP OF PRESENT EWER SHARE-

Tom Cowie, Chairman

T. Cowie Limited, 29th May 1980

Ewer shareholders will by now have received Mr. Ewer's

There are a number of questions about the Tractors deal

of £10,369. We are even more critical to see that the figure attributable to shareholders for the year was a LOSS of £244,000. Yet this doesn't emerge in Mr. Ewer's letter.

Mr. Ewer's letter refers vaguely to better things in store. He writes: "As a tesult of the purchase we believe that the

Mr. Ewet seeks to justify issuing 2.6m Ewet shares for Tractors by referring to "preserving yout Company's borrowing ability." WHY DID HE NOT TELL HIS SHARE-HOLDERS OF THE BORROWINGS OF TRACTORS, WHICH THE EWER GROUP WOULD TAKE ON BOARD! These. at 31st August. 1979, were WELL OVER 2m. Furthermore, Tractors is, by its Acting Chairman's own admission, sparsely capitalised, since he states that "in the event that Eastern Tractors remains an independent company, your Directors would not be able to recommend a dividend in respect of the year ended 31st August, 1979." As it is, and under Ewer's friendly umbrella, dividends totalling £61,000 are

Such matters normally require 21 days' notice of meeting. In this case, however, special arrangements have been laid to hold the meeting at short notice. Friday, the 30th May. WHY THE HASTE! IS THE EWER BOARD AIMING TO GET THIS DEAL THROUGH BEFORE YOU, THE SHARE-HOLDERS, HAVE HAD THE CHANCE TO EXPRESS YOUR VIEWS ON COWIE'S OFFER? Have they forgotten that our highet offet of S5p per Ewet share, now before the shareolders, depends upon the Tractors deal lapsing?

We though at the time of its announcement that the Tractors deal was a poor one for Ewer shareholders. Having seen the documents, we now regard it as appalling and we urge the Board of Ewer to consult their shareholders before closing

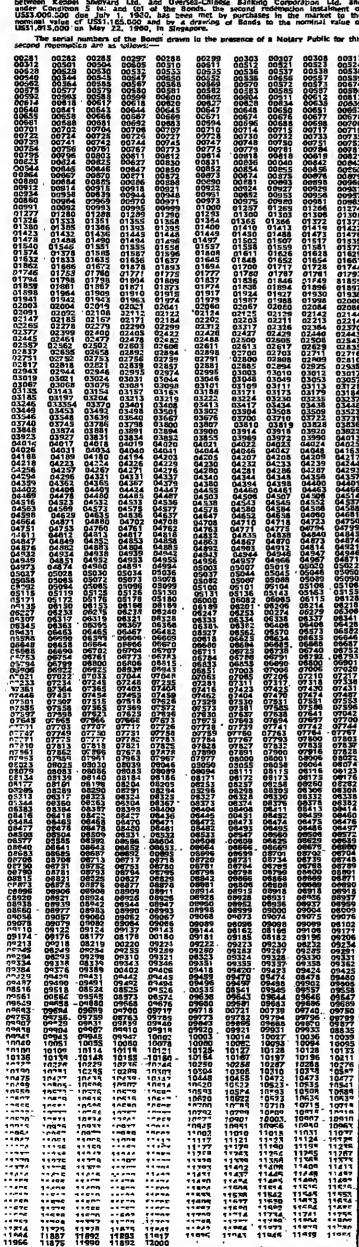
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# India to swap rice for Russian oil

Mr. Lee Kuan-yew departure from previous practice.

### Singapore searches abroad for teachers

By Kathryn Davies in Singapore IN A significant shift of policy, Mr. Lee Kuan Yew, Singapore's Prime Minister, has said local academics cannot meet projected demand for higher education to help restructure the Singa-pore economy. Instead, overseas lecturers in such disciplines as engineering, man-agement studies, medicine and law will be invited to Singapore to take up full-time careers—and not, as pre-viously, short-term contracts. In a blunt statement to university dons, Mr. Lee pointed out that, unt of the 670 full-time academic staff in Singapore's two universities, only about 50 per cent are Singaporeans. Assuming that more than 2,000 staff will be needed over the next five years, only 40 per cent of these will come from suitably qualified local candidates. Foreign academics will now

be offered much higher salaries than their Singaporean counterparts, a chance of permanent residence and even Singaporean citizenship. Of the existing expatriate contribution to Singapore, Mr. Lee said: "If we remove them, the economy will sublike four punctured tyres."

Mr. Lee's remarks follow a controversial public debate in Singapore over the merger of Republic's universities which aroused considerable emotion among Chinese older-generation language - educated Singa-

**ENERGY REVIEW: GASOHOL** 

BY K. K. SHARMA IN NEW DELHI NDIA IS to supply Russia with tions with Mrs. Gandhi follow- After record crops in four con- a policy decision recently that 500,000 toones of superior grade ing the Christmas invasion of secutive years, India's buffer food grain exports should be rice in exchange for crude oil, Afghanistan. the quantity of which is now India urgently needs new tonnes at one point. It simply Ilmited to superior grade rice being worked out Talks on the sources of oil. Sixty per ceot does not have enough storage which is normally bought by deal have been held and an of domestic needs have to be for sumh quantities. Stocks now

announcement is expected soon. imported, and the rising cost of stand at 15m tonnes, of which This will be the first large ship- crude oil has pushed the price 9m tonnes is rice. The Russians have already agreed to supply 1.5m tonnes of crude to India this year, as part of the annual trade agree.

The grade arrhanged for crude to India this year, as part of the annual trade agree. ment. The crude exchanged for the rice will be in addition to

The barter deal is likely to does it save precious foreign as cattle feed, for which most be viewed abroad as yet another exchange, but it takes pressure grain imports are used. Soviet attempt to mend rela
off the grain storage problems. The Indian Government took The barter deal is likely to

cent of all export earnings.

It suits India very well to pay for oil with food grain. Not only shortfall, and rice is unusable

The sale of Indian rice is unlikely to reduce the difficulties created for the Soviet Union by the U.S.-institgated grain embargo. The quantity is paltry compared with the Soviet Union's overall grain

well-to-dn Indians because of lts high price.

Such rice has been sold in small quantities in the Middle East for the past couple of years but this is the first bulk supply to be made. The Food Corporation of India bas been authorised to export another 500,000 tonnes of superior grade rice, and this will take the total exported to 1m tonnes.

Commedities, Page 39



# Israel Cabinet crisis continues

THE ISRAELI Cabinet brought a weekend of political borse- Weizman would adversely affect on by the resignation of Mr. trading before the Prime Minithe Palestinian autonomy negoproposed earlier this week.

Begin that continued opposition

choice of Foreign Minister. that the resignation of the they still opposed Mr. Modal's Mr. Menahem Begin . . . his It is expected to take at least popular and moderate Mr. appointment.

Ezer Weizman, the Defence ster can work out a formula tiations with Egypt. Minister, continued yesterday which may be acceptable to all However, there is still an outas Mr. Menahem Begin, the parties. This may even entail side possibility that Mr. Begin's Prime Minister, tried to perhim deciding not to press ahead Government could collapse, if suade his junior coalition part—with his planned resbufile but the six members of the Demo-

wanted to transfer to defence,

folio himself.

side possibility that Mr. Begin's Government could collapse, if ners to accept the reshuffle be rather take on the Defence port- cratic Movement headed by Mr. Yigael Yadin, the Deputy Prime Despite two days of consulta- Mr. Yizhak Shamir, the Miniser, insists on voting tions, and a veiled threat by Mr. Foreign Minister who Mr. Begin against the appointment of Mr. Yitzbak Modai, the Energy tn tha changes could lead to the said be did not think the Minister, as Foreign Minister. Cabinet troubles would affect After a meeting with the Prime the peace process.

Minister yesterday, the Demofall of the Government, two Cabinet troubles would affect After a meeting with the Prime junior coalition parties per the peace process.

Minister yesterday, the Demosisted in rejecting Mr. Begin's He also rejected suggestions cratic Movement members said



# Hungry Chinese look to 'capitalist road'

which have not had a good har-clear. According to the latest vest since the introduction of figures from Peking's State co-operatives in the mid-1950s. Statistical Bureau, China last shortage. China still has to im- a remarkable success. port 10-12m tonnes of grain. If these figures are

where numerons peasants rely were far more plentiful.
on state subsidies rather than Yet Peking itself may irrational cultivation and poor figures. planning bave all bedevilled the

canna atill cannot feed its population. About 100m people, the output increases in the past two
letting Peoples' Daily said reyears. Why it should admit now
cently, live io or near places

to a food shortage is far from
which have not had a good har.

real idea of the size of the Some localities, the People's
population. With no census Daily said, had stagnated since
since 1953 (though one is the disasters that followed
planned for next year) the Christian disasters that followed
which have not had a good har.

If these figures are correct, the rate of increase is well What has gone wrong? The above the 1979 population People's Daily blamed the growth of 1.2 per cent. This "Left-wing" policies which should have meant more food 1960s. These, it said, had down- for everyone, particularly as graded incentives to the point vegetables, oil and even meat

bave prevailed since the mid- have the full facts. Centrally boost output to keep up with compiled statistics are only as the growing population. But accurate as the raw material, this is only part of the story. and the Chinese press has re-The Chinese press has also cently been critical of local offipointed out that bureaucracy, cials who artificially inflate

figures. multiplied by the erratic on food supplies caused by the In addition, Peking bas no policies of the past 20 years. 100m hungry people

leadership really only knows co-operatives in the mid-1950s. Statistical Bureau, China last that there are buge hardship sixtles to counteract those Last March the authoritative year produced 332m tonnes of areas that must be subsidised, disasters, but were disgraced journal Red Flag said China grain, a 9 per cent increase over Raising agricultural productives facing a very serious food the 1978 figure of 305m, itself tivity, especially in the bardship regions, is a formidable task. Agricultural planning was Traditionally the Chinese have short-sighted throughout. Too been intensive cultivators, so much emphasis was placed on the scope for improvement has grain to the exclusion of often always been limited. In the fertile. well-watered regions,

> stances. The difficulties have been other way to reduce the drain

briefly introduced in the early and ridiculed in the 1966 cultural revolution and after.
Agricultural planning was

more suitable crops. In the freer and with new modern inputs, pro- pragmatic 1980s, Peking is pre-ductivity has gone up sub- pared to relax, collectivisation stantially. By now, however, this has prohably reached its peak. In the dry, cold or saline areas to permit the "capitalist road."

—especially in those that are remote—output would be hard to increase under any circumthat at present Peking sees no

falls sharply ATTENDANCE at schools in the Cape poulosula dropped considerably resterday efter two mixed-race pupils were about dead by police, AP reports from Cape Town.
The Committee of SL which organised the six-week-old boy cott of classes in protest and like

Attendance

at Cape

schools

inferior education, appealed to young people late on Wednesday to refrain from wolence and to "avoid any direct esp frontation with the police.

Mr. Louis ic Grange, the Police Minister, confirmed that police opened fire on Wednes day afternoon to disperse publis stoning cars driven by whites in the Elsies River town ship near Cape Town. Two youths were killed and three people were injured.

### Iranian Parliament starts work

Iran's first Islamic Parliament, charged with setting terms for the release of the American hostages in Iran, started work yesterday, Reuter reports from Tehran. In its bly debated procedure and set up 10 committees, which will study deputies' credentials and draw np guidelines for transacting parliamentary business. There was no discussion shout the bostages.

### Salisbury protest on police harassment

Several hundred black women demonstrated yesterday in Salisbury's main park against police moves to curb illegal vending in the capital's townships, AP Reports from Salisbury. The women, some of whom had paraded nutside parliament on Wednesday com-plaining of harassment and demanding that the police be replaced by a "people's force." cheered speakers who nounced the white-dominated

### Pakistan appoints Foreign Minister

Pakistan's President. Zia-ul-Haq, yesterday promoted Mr. Agha Shahi, his foreign affairs adviser, to the post of Foreign Minister, according to an official communique, Ranter reports from Islamabad, "Gen. Zia previously held the Foreign Minister's portfolio himself.

BY ROSS WILSON

# Turning alcohol into fuel in the U.S.

THE U.S. is taking gasobol-90 per cent unleaded gasoline and 10 per cent ethyl alcohol-very seriously. An estimated 3,000 petrol stations across the country are now selling the fuel. Texaco, the third largest U.S. petrol distributor, expects that it alone will soon bave 1,100such stations. Amoco and Phillips are also in the husiness, and the question is whether Exxon and Mobil, the two biggest fuel distributors in the U.S. can be far hehind

To set the present gasobol Administration has introduced tax credits and waivers. Federal loans and loan guarantees, to belp create a climate favourable to gasohol production by both farmers and industry withont direct government partici-pation. "This amounts to a strong and positive aignal to American Industry that the Government is committed to the production and use of gasohol for a long time," said Mr. John C. Sawhill, Deputy Energy

Secretary.

Corn would be the initial primary raw material for the production of the ethyl alcohol —ethanoi —pure, anhydrous alcohol, 100 degrees Gay Lussac. or 175.08 proof Sikes nn the British scale, or 200 degrees nn the U.S. scale of proof strength. But Mr Sawhill and other U.S. officials forecast a gradual switch to other agricultural materials and even municipal wastes by the mid-1980s.

The programme would be financed hy using between \$8.5bn and \$13bn revenue proposed from the windfall profits tax to speed up progress over the next decade. Carter economists forecast that the programme will expand U.S. capaannually by the end of 1981 and

almost 2bn gallons by 1985. But even the most optimistic forecast by the Administration means that gasohol will immediately play a modest role in America's evergy production during the early to mid-1980s. The 2bn gallons of ethanol forecast for 1985, when blended with gasoline, translatea into 20bn gallons of fuel-assuming the and with current gas/petrol consumption over 100bn gailons a year, the U.S. would need more than 10bn gallons of ethanol to meet current gasonol

Some 5.000 applications for "experimental" ethaproducing plants mostly from farmers—have been re-ceived by the U.S. Bureau of Alcohol, Tobacco and Firearms executive vice-president Mr. and over 1,500 bave already Joseph C. Mineo Says: "If Alcohol Tobacco and Firearms



With gasobol stations in 14 states, Texas o is the U.S. alcohol fuel market leader.

tions for large commercial type plants were also received in the past year. Six, with a combined production capacity of 170m gallons a year, have received permits and most of the remainder are pending. Plants are being located mainly in one of three regions: the Mid-West grain states; the South-East sugar/citrus states, and the Western geothermal states.

More than half of America's current 80m gallons of ethanol year is produced by the Archer Daniels Midlands Company, of Decatur, Illicois, a diverse agro-processing (biomass) concern Mr. Dick Burket. Midland's vice-president, says that a large plant can be brought on stream from scratch in under two years. Midland has heen certified by the U.S. Department of Energy as having a positive energy balance it ships ethanol to about 30 states and reports increasing sales.

Publicker Industries of Greenwich. Connecticut, is the major ethanol supplier in the North-East of the U.S. At present, the capacity of its main plant in Philadelphia, Pennsylvania, is 15m gallons a year. Publicker's

volume could be expanded to beverage alcohol 65m gallons, making Publicker the largest single producer of alcobol for gasobol in the U.S."

Recently, American Distilling sold its mban distillery in Pekin, Illinous, to Midwest Soivents announced planned to use the distillery to produce gasohol. However, the plant could be converted to produce industrial or beverage alcohol. Closed at the moment, the Pekin plant is expected to be operating by the summer and to produce 50,000 gallons a day. roughly the amount Midwest produces at Atchison, Kansas. All potable alcohol distillers are watching developments carefully. American Distilling's

executive vice-president for marketing Mr. Paul Berkowitz, says that potable spirit distil-leries typically have the capacity to distil alcohol up to 192 degree proof on the U.S. scale. An extra coloumn still, costing between \$1m and \$4m each, would have to he installed to produce 200 degree U.S. proof ethanol

On a gallon basis, the cost of changing 192 degree proof alcohol to 200 degrees could be R. G. Shoniker and Associates been approved. Some 65 applica- market conditions warrant, the International, in its quarterly

points out that 200 degree proof alcohol commands a premium of 9 cents a gallon and concludes that as ethanol demand increases, the price of 192 degree alcohol will rise, giving producers of rum, tequilla and hrandy who do not use grain feedstock a cost advantage.

For the past two years, National Distillers has undertaken a programme to improve its technical capabilities in the use of various carbohydrate raw materials (including corn) for the production of low-cost ethanol for fuel and other purposes. In its recent third quarter report to abarebolders, was atated that National, its own facilities, is developing sophisticated new techniques. Currently, a continuous fer-

offers a high probability of successs and National has applied for a number of related patents," said the report. Also, through its association with Cetus Corporation, a company involved in the technology of recombinant DNA engineering), National hopes to develop an improved cell strain for

mentation process under study

renewable resource materials to Some American economists argue that the use of gasohol nationally would over-tax the agricultural sector, decrease food sources available to consumers, raise prices and use

more energy in produce than it provides. The Shoniker analysis says the expanded produc-tion of ethanol will drive up the price of some spirits. Enough ethanol to reduce U.S. gasoline demand by only 2 per cent would raise the price of corn by 28 per cent and probably increase the cost of certain distilled spirlts and beer." But others do not accept that food pricea would be affected. They maintain that if all gasobol were produced from corn, the additional demand would be heavy, but corn is only one feedstock for ethanol. One bushel of corn produces about 2.5 gallons of 200 degree proof ethanol. The U.S. annu-

ally uses over 100hn gallons of

motor fuel. To produce 10bn

gallons of ethanni for gasohol

corn - if all ethanol were corn-hased. The U.S. now produces 6ba bushels of corn a year, so output would apparently have to

be increased by 60 per cept to produce the additional 4bn busbels needed. However, of the 6bn bushels

U.S. farmers now grow, over 3hu-75 per cent of the present national ethanol needs—are used for cattle food. The Illinois Department of Agriculture says the U.S. cattle-food supplies would not be hit by ethanol demands, since for every fit-for-feed bushel used, one third is recovered as distiller's dried grain solubles (DDGS), top quality cattle-food with its protein and nutrient content unchanged. Corn unfit for food can also be used to produce ethanoi, but its resulting grains could not be used for cattle-food.

Moreover, it has been shown that substituting DDGS for 20

per cent of the whole corn fed to cattle produces a 13 per cent increase in beef output. It also produces 40 per cent more protein for human consumption than would result from eattle which are fed whole corn only. So the use of enough corn to supply a large portion of ethanoi needs would not lower food supplies that much. And corn is only one thanol feedstock—sbundant, but not the best. Sugar crops sig the most efficient. They stready contain the needed sugar and no conversion of the starch to sugar is necessary. potential source is cellulose

the often unused part of plants trees, grasses and other types of plant material containing starch and sugar. Some critics allege that it takes more energy to produce ethanol than it provides. That was true of the potable spirits distilleries and alcohol plants bullt to satisfy the needs of World War II. But It does not apply to plants bullt in recent

years specifically to produce ethanol. A U.S. Department of Energy study, The Report of the Alcohol Fucis Policy Review. concluded that even if oil and gas were used to produce ethanol, a modern facility would have "a clearly positive (though small) net energy balance. The study added that when agricultural material and word waste wore used, the

balance improved substantially Brazil uses sugar cane to produce ethanol and all gasohol sold there during the past five years has contained 20 per cent ethanol. Government cars run on pure alcohol fuel. A Brazilian plan will put 1.7m would require the bushels of cars on straight alcohol by 1985, and developments in the pursult of an ethanol, alcohol fuel are already in progress in West Germany,

فكنامن الأجيل

# Jamaica 'will need refinancing of \$750m debt'

BY HUGH O'SHAUGHNESSY

Prime Minister of Jamaica, forecast yesterday that his country would need a "total refinancing" of \$750m of its foreign debt. whichever party emerged victorious from the elections

expected dater this year. In an interview in London he expressed some optimism about the financial situation of Jamaica, which broke off negotiations with the International Monetary Fund in March and rejected IMF remedies for Its balance of payments crisis.

Mr. Manley is on his way to Kaiser, Reynolds and Anaconda Libya, where ha is to hold talks about future economic co-operaabout future economic co-opera-tion with the Gaddary govern-

loans to Jamaica under the Bank's structural adjustment fund programme were going well and that facilities which Jamaica might have expected to Jamalca might have expected to lose after it broke with the IMF had not been withdrawn.

He singled out the Governments of West Corrections of the country o

ments of West Germany, the violence in Kingston could cut the tourist trade in the run up Norway as baving been partition the election, expected in cularly co-operative during September.

MICHAEL MANLEY, Jamalca's present crisis. He Minister of Jamaica, fore-added that Venezuela had esterday that his country already advanced funds to Jamaica in anticipation of a schame under which Venezuela would lend oil receipts for use Tamaica by developing countries with balance of payments problems or with major davelopment plans to finance.
He also laid emphasis on

current plans to invest some US\$1bn for the expansion of the bauxite industry.

Alcan was increasing production by 25 per cent, while

tion with the Gaddafy government.

The Jamaicao leader said that talks now going on in Kingston with the World Bank about 600,000 tons of alumina would Soviet Union, Algeria, Iraq and

Mr Manley claimed tourist re-

### **Shooting of** black leader shocks U.S.

PRESIDENT Jimmy Carter and American black leaders yesterday expressed shock at the shooting of Mr. Vernon Jordan, director of the National Urban League and a prominent member of the Civil Rights movement in Indiana early on Thursday.

Mr. Jordan's condition was said to be critical. No sus-pect bas been found nor bas a racial motive been estab-lished for the shooting, which evoked memories of the assassination of the Rev. Martin Luther King in 1968. That sparked riots around the

Obviously seeking to prevent a repetition of the 1968 Mr. Benjamin the Attorney-Civlletti, General, told a Press conference that Mr. Jordan's shooting did oot appear, from the information available, to be linked to his civil rights activities.

The shooting came after Mr. Jordan bad addressed the Fort Wayne, Indiana, branch of the Urban League, at which he warned of the conservative drift in American politics, and of the need to increase social programmes for the urban poor and oeedy.

# Hopes fade for more liberal regime in Chile

GEN. AUGUSTO PINOCHET'S after the coup) grew by 6.8 per regime in Chile has no intencent last year to \$17bn. tion of becoming less authoritarian. This is the interpretainhabitants are enjoying any economic improvement. Unem-ployment has been reported at tion given to the sentences of three months' internal exile passed on 37 Chileans this mooth.

passed on 37 Chileans this mooth.

There were signs that the military innta, in power since 1973, might be edging towards more liberal rule. The state of 1973 amonth for working full since a liberal rule. The state of 1974 amonth for working full since a liberal rule and this figure does not include the 140,000 people engaged in the Government's minimum employment programe, who receive about \$30 a month for working full since a liberal rule. military innta, in power since 1973, might be edging towards more liberal rule. The state of siege legislation was lifted more than two years ago, and more than two years ago, and there was speculation that moderates within the Government might be gaining influence. The Catholic Chnrch has a list of nearly 500 people still unaccounted for after heing detained by the security forces, although reports of further disappearances have virtually ceased. But few Chileans wera predicting a "Santiago spring." With the recent reinstatement of the internal exile decree, and vague hints from Gen. Pinochet that his timetabla for an

eventual return to civilan rule might be delayed, Chile's military junta appears to bave settled down for an indefinita period of Franco-style rule. On the economic front, however, the Pinochet Government has been able to claim some very real successes. Inflation, which had been as high as 600 per cent during the Allende Government, is running at 38 per cent this year. The Gross Domestic Product, which shrank by 12 per cent in 1974 (the year The internal exile decree

On May Day this year, some 50 people were arrested for taking part in unauthorised demonstrations, considerably fewer than in 1979. That year, the courts ruled that the 385 May Day protesters detained had committed no crime, and ordered their release. But this year, with the internal exile decree back in effect, most of those arrested were quickly

time at menial jobs. This group constitutes 3.4 per cent of the

Chilean workforce.

But not all of Chile's 10m

The internal exiles included three young men studying for the Catholic priesthood at a Santiago seminary. They had been invited to attend Labour Day ceremonies at the headquarters of a local textile union and were arrested, with two nuns, as they waited at a hus stop after leaving the cere-

stipulates that people arrested on charges of illegal political activity may be held for up to



Gen. Augusto Pinochet. No 'Santiago spring.'

five days while authorities check their records. "Repeat offenders" may be sent to a remots area of the country.

area of the country.

The first group of people sentenced under this decree were arrested for taking part in International Women's Day Activities on March 8. The Government bad prohibited any commemoration of the day, calling it Communist-inspired, and bad even rescinded authorisation granted earlier to the sation granted earlier to the Society of Chilean Writers to hold a meeting oo the life and work of Sra Gabriela Mistral, the poetess and Nobel laureate. scheduled to be beld that day in a Santiago theatre.

Another aign of the junta's national image was to improve. hard line was the firing of Sr. Hernan Cubillos, the Foreign Minister, and his replacement with the more conservative Sr. Reprosection of the Revolution of the Indiana Cubic Charles of the Revolution of the Indiana Cubic Charles of the Revolution of the Revol Rene Rojas, formerly Chile'a Ambassador to Spain.

هكذامنالأحل

Two months ago, Gen. Pinochet left Santiago on a Pacific and Asian tour. Just 48 hours before he was to arrive in the Philippines, President and Marcos withdrew his invitation. The cancellation of the visit, and Gen. Pinochet's hostile hostile reception in Fiji from egg-throwing protesters, prompted him to return to Chile immediately.

Sr. Cubillos, a skilful diplo-nat credited with having persuaded Britain to restore full diplomatic relations with Chile, and with having avoided a break in relations with the U.S. over the assassination in Letelier, a prominent opponent of the regime, was dismissed by Gen. Pinochet on bis return. His sacking marked a victory for those in the Chilean Government who favour an even more authoritarian regime. The hardauthoritarian regime, The hard-liners include Gen. Pinochet's daughter, Sra. Lucia Pinochet de Garcia, and Gen. Juan Manuel Contreras, the former head of Chile's secret police. Sr. Cuhillos was disliked by the bardliners because he recognised that arbitrary arrests and other highly visible have forms of military repression anoth had to eod if Cbile's inter-grip.

has been growing. The main guerrilla group appears to be the Movement of the Revolutionary Left (MIR); an armed group active during the Government of the late President Salvador Allende, which lost

the movement. On April 28, five or six people attacked an "eternal flame" monument commemorating the 1973 coup. A police guard at the monument was killed, as was one attacker. A Cbilean lawyer whose clieots include people accused of guerrilla activity sald memhers of the movement had indeed claimed responsibility for the attack, but insisted that

accidental. A few days later, guerrillas attacked the offices of the National Information Centre. blasting the building's walls with machinegun fire before fleeing. The National Informatioo Ceotre is the intelligeoce agency which in 1977 replaced the more infamous secret police. whose Spanish acronym was

the policeman's 'killing was

The irony is that the guer-rillas, in becoming more active, have given Gen. another excuse to tighten his

### Military chief resists budget cuts plan

By Our Washington Correspondent

THE U.S. military's top brass yesterday took public issue with President Carter over the 1980-81 defeoce budget, pro-posed by Congress but now opposed by the White House

Gen. David Jones, chair-man of the Joint Chiefs of Staff, told a Congressional committee that the \$153.7bn military spending plan for next year was not really enough to meet all the services' needs.

But all the officers appear-ing before the Honse Armed Services Committee carefully qualified their disagreement with Mr. Carter to say they were not "working against our Commander-in-Chief."

In an abrupt switch of tacties, President Carter this week decided publicly to oppose the Budget resolution, ashed oot betweeo Senate and Hoose oegotiators this month, which would limit total spending oext year to \$613.3bn. Mr. Carter did not object to the overall levelwhich puts the Government in surplus for the first time to 12 years—but to the composition.

### Cuba accepts blame for sinking ship

THE CUBAN Government has accepted responsibility for the May 12 sinking of the Bahamas defence force sbip Flamingo by two of its aircraft. Cuba bas agreed to make reparations for the ioss of the vessel and four

of its crew.

In a note to Mr. Paul
Adderley, Bahamas Minister of Affairs. apologised and blamed the sinking on a "regretable confusion." There was oo intentioo to violate Bahamian soverelgoity or territorial integrity, tho message sald. The Flamingo was attacked shortly after arresting two Cuban fishing boats for poaching in Bahamian waters.

House bars aid plan for Nicaragua

WASHINGTON - The House of Representatives resterday approved President Jimmy Carter's request to reduce requirements about how much U.S. intelligence ageocies must tell Congress, but it later voted overwhelmingly to bar \$5.5m military aid to Nicaragua.

The votes came as the Honse started work on the \$5.5bn Foreign Aid Bill.

# Savings bodies allowed to pay more on deposits

institutions can pay, in an effort to restore the flow of small depositors' funds. The move is also aimed at

stimulating funds for mortgages to revive the flagging housing industry.

rate is linked to an average money market rate. The rules also set a minimum

Permitted interest rates were also increased on the highly popular six-month money mar ket certificates. The increase depends oo the type of certificate and the issuer, but geoerally the rate increase is a per ceot, based on the same average money market rate as before.

Bank regulators are worried that the recent sharp decline in U.S. interest rates will weaken the hanks' and savings institu-tions' position in the competi-

### BY DAVID LASCELLES IN NEW YORK WASHINGTON has eased the institutions, who have traditionrules governing the interest ally enjoyed a small edge oo rates, which banks and savings rates.

### Banking regulators will allow deposit-takers to pay 11 per cent more oo 21-year savings certificates. At the momeot, the

rate of 9.25 per cent for banks and 9.5 per cent for savings

# **Brazil foundries give 35%** price rise ultimatum

BRAZIL'S ASSOCIATION of Foundry Iodustrialists has presented the Government with an ultimatum-either the Planning Ministry concedes the full 35 per cent price rise requested by the industry, or plants will

e shut down. The Government is willing to grant only a 28 per cent increase. The foundries, accord-ing to the association, are ruoning at severe losses because of high inflation, fiercely tight credit and the rising price of energy, raw materials and labour.

Sr. Antonio Delfim Netto, the Planning Minister, has put what most industrialists consider to be unacceptable limits on price increases in key areas of pro-duction, as part of his anti-price was granted.

Two foreign coocerns are involved — FMB (Fundicao Metalurgico do Brasil), which is owned by Fiat and supplies parts to Flat of Brazil, and the Thyssen foundry, which also supplies the motor industry.

A shutdown by foundries would dramatically affect Brazil's motor industry, a key element in the country's troubled economy, which is just beginning to recover from a three-week strike by metal-workers.

The foundry association is imitating action taken recently by Brazil's soya growers, who threatened to dump their produce if the Government did not grant them a fair price. This

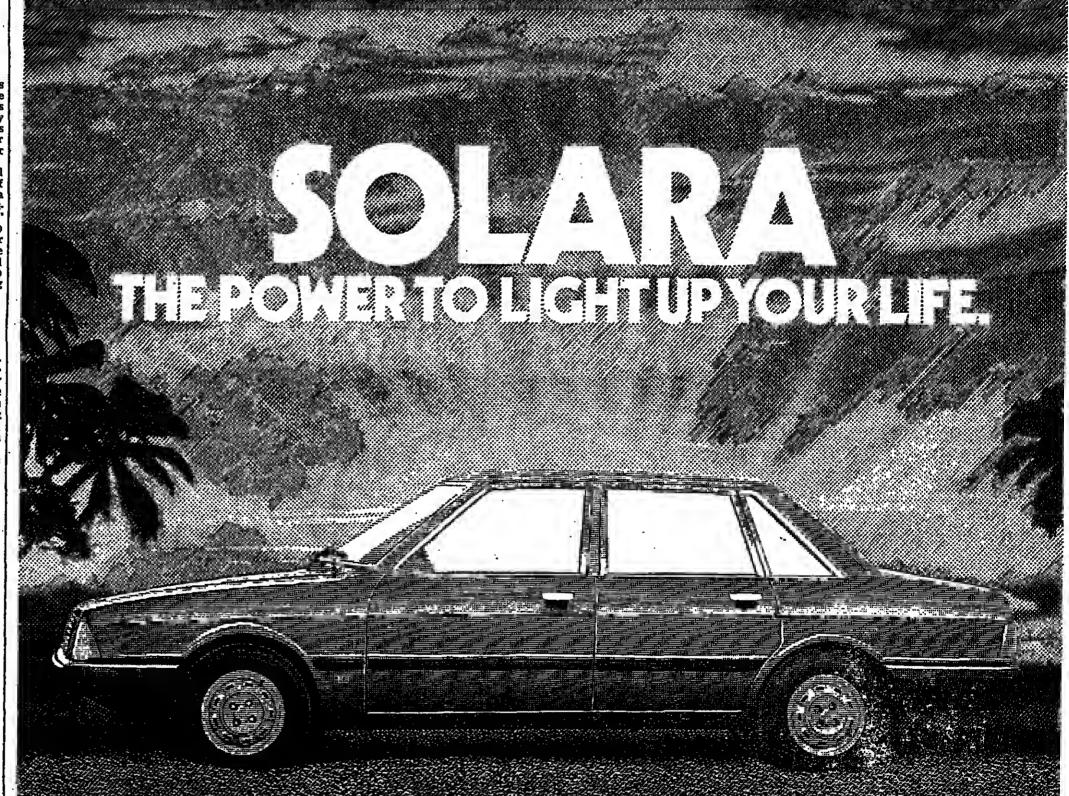
MEXICO LONDON, 4th JUNE 1980 (CBI Tothili Street) BIRMINGHAM, 5th JUNE 1980

(Penns Hall Hotel, Sutton Coldfield) noior full-day conferences will feature: Dr. Nathan Warman, Mexican Under-

ustrial Developme

Nacional Financiera SA Confederation of Industrial Chambers (CONCAMIN)

British Chamber of Commerce in Mexico To reserve a place at either London or Birmingham conferer please contact Karen Castle on 01-930 6711 at the CBI.



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### Japanese car exports up 51%

vehicle exports in April fell 4.7 per cent to 50° 200 units from 528,000 in March but rose by 55.1 per cent from 324,500 e year carlier, the Japan Antomobile Mannfacturers Association said. Tho April total comprised 339,700 cars, up 51 per cent from a year age, 159,200 trucks, up 63.1 per cent, and 4.300 buses.

up 132.6 per cent. Experts to the U.S. the Japanese cars, totalled 207,400 in April in April up 47.4 per cent from 140,700 a year earlier, reflecting the continued reflecting the continued success in small, fuel economy car sales in the U.S. market. Exports to the EEC amounted to 69.800, np 15.7

April last year, with shipments to West Germany up
73 per cent to 17.300, and to
Belgium up 75 per cent to
11.200. But these to Britain fell 15.4 per cent lo 21,500 from 25,400 a year ago.

The shipments in Sandi Arabia rose 40.5 per cent to 26,700 from 19 000 a year corlice, while those to Irsq soared 369.2 per cent to 22,200 nver a year ago.

Exports to Anstralla intalled 17.800 np 76.2 per cent from 10,100 a year helore. Router

A second Dutch car plant announced plans to cut production levels in the face demand, Chara-demand, Chara-in Amsterdam writes. Ford Nederland said it will out assembly of transit trucks at its Amsterdam factory by 20 per cent in Jene by laying off production staff one day a week. Ford also n'ans to halve production of Taunes cars at its factory in Belgium next month by shutting down production for two weeks. Dally production of transit trucks in Amsterdam ls 55, while 25.000 Taunnses are normally made in a month in Belgium. Volvo earlier announced plans to reduce the production target at its Dulch factory by 10.000 to 82.500 this year. New car sales fell by 12 per cent in the Netherlands in the first

# Iran embargo: UK exempts ongoing deals

EXTENSIONS of existing trade contracts with Iran will be exempted from two Government sanctions orders which came into operation at midnight last night. New contracts made in continuation of an established course of business will also scape the embargo.

The Export of Goods (Control) (Iran Sanctions) Order 1980 prohibits, with some exceptions, the export of embargned goods from the UK exceptions. to Ivan for delivery to a person

The Iran (Trading Sanctions)
Order 1980 probibits the making r performance of contracts for territories to Iran.

The Orders, which will lapse unless approved by the Commons within 28 days, do not affect contracts made up to mid-night last night.

Explanatory notes issued by the Department of Trade add: "This exemption also applies where such a contract bas been modified, amplified or extended following the date of the Orders.

"The Orders provide that references to contracts made before the date on which the orders came into operation include new contracts for sale the sale, supply or transport of include new contracts for sale embargoed goods from the UK or supply made in continuation

ness dealing between the same parties, relating to goods of the same or similar class and which existed immediately before that

All goods are embargoed except specified foodstuffs, except medical specified products medical products and other specified products if sold or supplied for medical or surgical

Foodstuffs are defined as all the commodities, foods and drinks, falling within Chapters 1 and 23 and parts of two subbeadings in Chapters 38 and 35
of the Common Customs Tariff.

Medical supplies are also
defined by reference to the
Common Customs Tariff. Other

Other that is the goods in the consignment are not prohibited by the Orders.

The provisions of the Orders.

The provisions of the Orders.

including the Channel Islands, of an established course of busi- products which could be used Isle of Man and UK dependent ness dealing between the same for medical and surgical for medical and surgical purposes are listed in the Order. Exporters wishing to ship constructed wishing to sing foodstuffs or madical products should enter the goods with Customs and Excise on form C.273 in the normal way.

Exporters wishing to ship any other goods to Iran, including those products which could be used for medical process.

used for medical purpose must pre-enter the details with Customs on form C.63a.

Exporters must ensure that pre-entry documents contain a declaration that the goods in the consignment are not pro-

effects and professional equip-ment of passengers to Iran. Maximum penalties for reaches of the Iran (Trading

The Department of Trade last night warned exporters that they should seek legal advice on the provisions of the Orders overall supply and demand picture for various types of tankers quite considerably. Lloyd's Shipping Economist estimated recently that if if they are in any doubt. The Department cannot advise on whether particular goods or services are exempt from sanctions but general advice un the application of the sanctions is available from its export licens-ing branch and C.R.5 Division. Japan, committed to help China develop its resources and infra-

licence cannot be used.

the sale or supply of any goods to Iran. A computer, for

example, will continue require an export licence. Nor does the possession of licence under such legislation affect the prohibition of exports imposed by the new Orders. Unless an exporter can satisfy the exemptions provided for in travelling Officials the new Orders, an existing

The other main exceptions to the orders are ships and aircraft or re-exported after temporary

an unlimited fine. able short-term delays oil shipment plan represents just one such delay.

This is important because

# China unable to keep Japan oil promise

BY RICHARD C. HANSON IN TOKYO

CHINA will be unable to provide the amount of oil to Japan over the next two years stipulated in a long-term trade agreement reached in 1978 because of increased domestic

Premier Ena Gnofeng, here on an official six-day visit, told their Japanese counterparts it would be difficult to fulfil the pledge, which calls for exports of 9.5m tounes of oil in 1981 and 15m tonnea in 1982. The Chinese did not say how much oil they would be able to ship, but indicated that, in the long term, China will be able to increase supplies as production capacity rises.

The meetings Japanese and Chinese officials bave tendad to emphasise the long-term importance of the relationship, perhaps the best indication that both sides realise now there will be inevitshifts as China moves ahead with its modernisation programme. Failure to meet the

structure amounting to around Y50bn (£96.5m), in return expects payment in the form of atable supplies of oil and Chinese supplies of oil and chinese coal. Coal shipments in large quantities will not be abla to start until new transport and port facilities are built. These will not be completed for at least another three or four least another threa or four

At a Press conference yester day Premier Hna exprassed his desire to further expand trade with Japan that has reached a with Japan that has reached a record level in 1979.

He noted that tha bilateral trade reached \$6.6bn in 1979 and is expected to climb to \$8.6bn, and added that China and Japan would shortly sign an agreement oo joint development of oil fields in the Bo Hai area.

агеа. On the political front, Premier Hua said that he had "reliable information" that North Korea had no intention of attacking the South unless the South attacked first. The South Knrean military has been justifying its virtual takeover of the Government there in part on claims that North Korea had been making threatening moves.
Premier Hua called these claims

# Suez Canal charges to be increased imprisonment or a fine amounting to three times the value of the goods involved. The maximum penalty for breaches of the Export of Goods Order is an unlimited fine.

A SIGNIFICANT rise in Suez canal should be able in take Canal transit dues is to be the largest tankers affoat. Their imposed at the end of this year, only concern is that the deepen is now determined in attract. The International Chamber of ing of the waterway should be more of cargoes. It is also the impending increase but pre-shipping activity. cise details have still to be.

coincide with the scheduled com-pletion in October of the \$1.2hn first phase development of the canal. This will allow fully loden tankers of 150,000 tonnes to transit the waterway and currency aarner after oil and vessels of up to 370,000 tonnes remittances sent back from in ballast. The present limit Egyptian workers abroad.

So,000 tonnes fully laden. For the past five years the The Suez Canal Authority is now studying the feasibility of

Shipping has been informed by timed to take full advantage of the Suez Canal Authority of the anticipated upturn in world

potential. With revenues of nver \$600m last year it is the country's third largest foreign

For the past five years the authority left the rates unchanged in order to win back starting work on the second customers and restore confidence stage development. Senior in the canal. Having achieved officials consider it vital that that in broad terms—some mined that the operation within the next five years the 95,000 ships have passed through be completed by 1985.

anxious to raise its charges selectively so that the increased case details have still to be Suez Canal dues have remained to whom the canal offers the virtually unchanged since it was greatest savings.

The increased charges will re-opened in 1975 but the client of the scheduled come Egyptian Government by those to the control of the \$1.25 but the control of the \$1.

> disclosed the proportion of in-creased earnings it anticipates will come from revised charges. Work on the second phase development will to some extent -depend on the availability of soft loans from abroad and the Egyptian Government's overall investment programme. But the Snez Conal authority is deter-mined that the operation should

The authority has not

with part cargoes and diverted through the Suez as opposed to their existing route via the Cape, a partly laden VLCC could carry 10 per cent more oil to Europe in a full year than a fully laden ship making the

250,000 dwt tankers were loaded

Our Shipping Correspondent

Tha re-opening of the Canal is expected to affect the

According to Lloyd's Sbip-ging Economist a pessimistic estimate is that the deepening of Snez could lead to a fall in demand for VLCCs of 15m dwt and a rise in demand .for medium siza tankers of 6m dwt.

# Saudis join Bahrain petrochemical project

Arabia's Minister of Industry and Oil, signed an agreement in Bahrain yesterday to bring Saudi Arabia into the \$400m (£169.5m) petrochemical pro-yet proposed by Bahrain and

DR GHAZ! AL-GOSAIBI, Saudl be in production by the end of 1983, is to be huitr in Bahrain. It will be owned by Gulf Petrochemical Industries, with a capital of BD 60m (£68.6m). ret proposed by Bahrain and be Bahrain National Oil He confirmed that Saudi Suwsit.

(BANOCO), Kuwait's Petro-Arabia bad ahandoned its plan the twin methanol and chemical Industries (PIC) and the build an aluminium smelter ammonia complex, scheduled to Saudi Basic Industries (SABIC). at Jubail. He said the project

Arabia was participating for two reasons. First the project made it was a step towards industrial integration in the Gulf region.

establishment of the 135,800 tonnes-a-year smelter in Dubai and the present expansion of the Alba smelter in Bahrain which will bring production there to 170,000 tonnes a year.

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### USS DEBENTURE LOAN WITH A COUPON OF 7.75 PER CENT.—1970/1985

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FINSIDER INTERNATIONAL having already acquired under the Terms of the Loan 1381 bonds of a face value of \$1000 on the market, Banco di Roma, in its capacity as Paying Agent, in accordance with the Sinking Fund Scheme, has drawn lots—on the issuer's behalf—for the remaining 219 bonds necessary to complete the eleventh redemption instalment due on July 1, 1980

The draw was on 7th May, 1980 in the presence of a solicitor and representatives from the Issuing Company and the Guarantor.

### BONDS DRAWN FOR REDEMPTION JULY 1st, 1980

39	335	536	596	. 786.	2627	2669
2718	2723	2757	2805	2916	3463	3467
5200	5332	5838	5908	5945	5952	6244
6408	6796	6815	6905	7239	7306	7372
<del>7</del> 397 · ·	7402	- · · 7546 ·	··· 7656	7663-	7706	·· 7833·
7834	8101	8155	8187	8265	8406	8507
8628	8748	8804	9038	9254	9442	9468
9471	9477	9526	9550	9927	10220	10284
10396	10398	10684	10858	10920	11001 -	- 11030
11382	11412	11431	11433	11467	11748	11758
11773	11820	11862	1 1995	12083	12213	12222
12565	12783	12857	12868	12955	12959	12970
13145	13148	13154	13166	13293	13302	13500
13579	13780	13961	14176	14185	14201	14565
14646	14648	14738	14936	15024	15254	15293
15357	15367	<b>15377</b> .	15541	15547	15716	15832
15887	16083	16111	16263	16505	16539	16578
16809	16822	16842	17030	17055	17068	17082
17182	17724	17794	17870	17883	17938	18280
· ··· 18284	18320	18465	· 18506	18554	18675	- 18678
18690	19051	19054	19151	19301	19405	19437
19501	19523	19609	19755	19830	19867	20049
20288	20377	20532	20611	20700	20702	20736
20787	20828	20849	~ 20985~	21129	21270	- 21425
21433	21494	21638	21661	21715	21774	21820
21924	21997	22079	22106	22211	22396	22399
22408	22413	22558	22567	22684	22701	22800
22866	22937	22951	22977	22980	23077	~ <b>230</b> 93 -
23161	23166	23168	23177	23188	23237	23241
23344	23729	23756	23759	23840	23862	24049
24280	24367	24440	24511	24543	· 24640	24651

24862 The bonds indicated above for redemption will expire and be made payable as from July 1st. 1980 in US\$ for the entire nominal capital plus interests accrued up to that date. They must be presented for redemption with all coupons expiring after July 1st, 1980 at the following Institutes:

-BANCO DI ROMA

-MANUFACTURERS HANOVER TRUST COMPANY -S. G. WARBURG & CO. LIMITED -BANQUE INTERNATIONALE A LUXEMBOURG S.A.

LUXEMBOURG (former BANQUE LAMBERT S.A. LUXEMBOURG)

Rome, 7 May, 1980

**BANCO DI ROMA** 

The second secon

### Senators criticise Ansett loan

THE SENATE banking committee bas criticised the U.S. Export-Import Bank for allow ing itself to be stampeded into offering an overly generous credit to Mr. Rupert Murdoch's Ansett Airlines in Australia to buy Boeing air-

A letter from Senator William Proxmire and three other committee members this week complained that the interest rate — an average 8 per cent on the \$290m (£124m) loan — was too low, both in terms of general Exim rates and of beating competition from tha European Airbus sales drive.

But the letter to Mr. John Meore, the Ex Im president, was silent on allegations that Mr. Murdoch received special because one of his New York newspapers endorsed the political candidacy of President

The handling of the Ansett application was sloppy as a direct consequence of failure to question the factual assertions and bargaining tactics of Mr. Rupert Murdoch, of Ansett Airlines, and Mr. Jack Pierce of Boeing airlines," the Senate letter said. Much criticism, even from Ex-Im Bank board directors, was directed at Mr. Moore for rushing through the Ansett loan in half the normal time for loan processing.

Mr. Moore took Mr. Murdoch's word for it that Ansett had a March I deadline on a rival offer from the Airbus consortium, thus the need for speed. But it then turned out Airbus Murdoch's convenience.

The Soviet Union has been

pressing for a change in the system, whereby yearly prices are fixed on the basis of the average world price in the pre-

Comecon price fixing

system to stay in force

THE SYSTEM of fixing raw con of sudden price movements

material prices within Comecon on world markets, but means will remain in force, in that major raw materials supprinciple, for the next five years, pliers like the Soviet Union are according to Mr. Richard Karski being paid below world prices.

ceding five years.

The Soviets have proposed that prices should be determined every quarier on the basis of the

that prices should be determined every quarier on the basis of the average world price over the previous year.

In an interview with Zycie goods within Comecon have been growing in recent years. While the old price formula will in principle remain economic weekly, Mr. Karski in force, there is a feeling here that individual Comecon countries will more often in future that the present system was taken at the present system.

93rd Comecon executive meet pay prices they manage to nego-ing in January. The system tiate with the Soviet Union for

Polish Forcigo Trade In spite of the Polish Mini-

BY CHRISTOPHER BOBINSKI IN WARSAW

# Lada plant considered

Lada Cars of veying potential assembly

Mr. Dennis said production could begin with the four-wheel drive Niva, popular to Europe and being introduced in Canada this summer. He also said any assembly operation would use local content as much as possible.

at a rate of about 4,000 year. The car sells at C\$4,500 (£1.640) per unit, slightly lower than the cheapest comparable Japanese and North American models.

However, Industry officials say that local assembly from knocked-down parts cannot be economic at such a sales rate. The break-even point is normally put at between 75,000 and 100,000 units per

cultural machinery producer, bas won a contract to assemble huses and minibuses in Venezuela, Robert Graham writes from Madrid. The initial order is far 600 units, but this is expected to worth \$42m.

ster's statemeot, observers here say that the price formula issue

is still very ouch under discussion. The new Soviet formula may, for example, be used when Comecon countries decide to buy

# for Canada

export company, and the Volzhsky car works in Tog-liatti, are considering assembling cars in Canada. Mr. Canada. Toronte, a wholly-owned Canadian company which distributes the Soviet-built cars in Canada, said he had a "firm understandine" from Moscow on assembly in Canada. His company is sur-

At present Ladas are being sold in eastern Canada mainly

of Corporation Tax. Overseas, as are Stock Companies, on the

always enjoy the relief provided by Motor Iberlea, the Spanish industrial vehicle and agri-

# **NEM** makes progress and reshapes for the future. In 1979 our growth and profit have been influenced by business conditions in

Australia and by the continued rise in the value of Sterling against those currencies in other countries in which we operate. In real terms our business has advanced not only in the United Kingdom but, excepting Australia, in other overseas territories, and our margin of solvency expressed as a percentage of our Group Net Premium Income has again improved thus enabling the Association to continue with its plans for sensible and profitable expansion.

Group Summary of Results

	1979 £'000	1978 £'000
General Business Premiums Arising in the U.K. Arising elsewhere in the world Long Term Pramiums	40,028 39,100 42,741	35,247 47,114 36,388
Total	121,869	418,749
Group Underwriting Result. Investment Income (Gross) Other Income	(1,938) 11,141 369	259 10,880 410
Profit before Tax	9,572	11,549

**UK and Eire** 

Severe weather early and late in the year and unusual earth tremors in the North adversely affected our business in the UK and caused heavy claims in our Motor Account which nevertheless produced a small underwriting surplus. Despite this and severe competition, the Premium income increased with our planned growth rate. I believe that in the special circumstances of 1979 we can regard the outcome as

encouraging.

Serious market conditions affected our business in Australia. Record profits were produced in South Africa and significant contributions were made from our subsidiary and associated companies in other overseas countries.

Taxation

We suffer an unusually high tax burden. In the UK, being a Mutual Association, profits derived from insurance operations (underwriting profits) attract no tax; dividends, interest and other non-insurance earnings are assessed separately at the current rate particularly in Australia, we are taxed. combined results of the insurance end non-insurance activities. We do not

Double Taxation Agreements and have to pay substantial tax in the UK on . dividends and interest earned on our investments even when little or no profits are earned.

Life Assurance

Good progress was made by our principal subsidiary National Employers' Life Assurance Company Limited. New renewable premiums of £9.3 million were secured. Total net premium income including considerations for annuities granted, was £42 million while investment income rose to £14.7 million from £10.4 million in 1978. At the end of the year the long-term funds rose from

nearly £119 million to £143 million.

Future Plans
To augment our business we ere involving ourselves much more in reinsurance. In Bermuda we have established National Underwriters (Reinsurance) Ltd. in which we have the majority share interest. In London, agreement has been reached with a number of important overseas companies to establish an underwriting office with substantial acceptance capabilities. In both cases we are responsible for the management, We are also planning to relocate our administrative Head Office from London to Swindon.

M. H. R. King, Chairman

# **National Employers' Mutual**

General Insurance Association Limited

Girozentrale und Bank der österreichischen Sparkassen Aktiengesellschaft Vienna

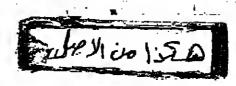
> DM 50,000,000 8%% Bonds due 1987

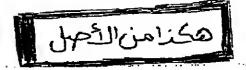
WESTDEUTSCHE LANDESBANK GIROZENTRALE

GIROZENTRALE UND BANK OER OSTERREICHISCHEN SPARKASSEN

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ential treatment and a quieter atmosphere, you'll choose Club.

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Advance booking facility				
Ability to change or cancel reservation				

\*Fares shown are current fares to New York. Tourist and Club fares vary according to dates of travel. No surcharges are applied toany fare after it has been paid in full

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# Talks soon on plan to shut Consett works

Consett steelworks—the last closure. bighly sensitive area on the Corporation's rsticualisation list—are expected to begin within a month.

The corporation bas schieved the radical sliming of its Port Talbot and Llanwern works in South Wales without the industrial bloodshed which union leaders threatened.

Some 15,000 steel jobs in Wales will disappear, and lead to the loss of further jobs in Local lesders have accepted that Wales as the most likely centre they formally opposed. But the the only alternative to the cuts of opposition to its programme ISTC is going ahead with the would be the total loss of a shed more than 50,000 production of an alternative major steelworks.

different it is a total closure in with Port Talbot and Llanwern a town where there is no easy behind it-it will be able to upon the argument that BSC prospect of attracting other negotiate acceptable terms at should fight to hold and exother industry. About 4,000

TALKS ON the closure of jobs would disappear with its

Unions leaders launched the campaign to save Consett durthree-month-long the national steel strike. They are their continuing opposition to BSC's rationalisation pro- within a few days. gramme, even though South demonstrated their willingness to accept redundancy payments: at which local representatives

consett, near Durbsm, is is cautiously optimistic that—oping role for BSC.

By last night none of the other unions at Llanwern, Gwent, bad followed the Iron and Steel Trades Confederation -the industry's biggest union -in accepting an agreement to tresting the fight to save the shed about 3,600 jobs at the Durham works as a symbol of plant and balve its capacity. But they are expected to do so

The Wales TUC and national Wales workers bave again leaders of the steel unions bave been embarrassed by the speed BSC, bowever, saw South have accepted closures which

The union's strategy is based

# **BSC's new job-creation chief**

BY ROBERT COLLRELL



Mr. John Dunbar

businessman Mr. John Dunbar. He replaces Mr. P. G. "Paddy" Naylor, who leaves the job after people. two and a-half years to set up his own employment consult-

set as its target for the current for others." year the establishment of 10,000. He has had a diverse back-new jobs. Plans already in train ground in international busiat BSC for more than 50,000 shortage of future customers. tehmselves. But it also seeks to restore the general employment

infrastructure of areas stricken by steel plant closure. It was set up in 1975, and last European Operations.

THE NEW chief executive of year assisted in the creation of BSC (Industry), the job-creation 6,000 new jobs. They have subsidiary of the Britisb Steel been found for the most part Corporation, is to be Britisb in small and medium-sized projects, attracting companies employing between 20 and 150

Mr. Dunbar sees BSC (Industry) performing a long-term catalytic role. A priority, be A daunting task faces 49-year- says, is "to ensure that the in-old Mr. Dunbar when he starts dustries set up are ones that on June 2. BSC (Industry) bas are going to act as 'primers

ness. He leaves Olayan Saudi redundancies should ensure no Holdings, a \$300m turnover transport and Saudi-based BSC (Industry) is principally trading group where be was concerned with finding jobs for group vice-president (finance) Also be has been with Luxembourg-based European Enter prises Development SA, and U.S. company Litton Industries where be was vice-president of



One of the versions of the new Bedford TL range of trucks -type 1630, dropsided with a new "high comfort" tilt-cab. and powered by Bedford's new \$2-litre Blue Series

# **Bedford launches** middleweight truck

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

sidiary of General Motors, company had a 22.5 per cent today launches a middleweight market share but since has truck which it bopes will boost achieved an annual 18-19 per growth, particularly in Con-tinental markets.

tonnes, as the group's TK TK's main components but bas failure to meet demand.
a new, "high comfort" tilt-cab and will be powered by Bedford's new 82.11ths Plant Company's Rapid ford's new 8.2-litre Blue Series

diesel engine.
This takes Bedford into the premium sector of the middleweight truck market.

Annual sales of the TK bave been about 20,000 (of which

about 14,000 have been in the UK -Bedford expects to increase these by offering two specifications in the same

It estimates that sales will be split 70 per cent TL and 30 per applications for cent TK when production at trucks are suitable, the Dunstable plant reaches Bedford's expec normal levels.

Bedford wants to build its share of the total UK over-3.5 tones truck market back to 22 per cent by the end of next TL represents.

BEDFORD, the UK-based sub- year. At the peak, 1976, the

cent penetration. Bedford's market share has The Bedford TL covers the been depressed this year by same weight hand, 3.5 to 20 industrial action at its Ellesmere Port plant last autumn, truck, which continues in pro- and by the steel dispute. Both

The steel dispute adversely affected the start of production of the TL but Bedford said it was making rapid headway and that most dealers have them in stock. A major solvertising campaign will start in two

In the UK the TL's major rivals include various Leyland models and the Ford D series trucks, due for replacement in 1981. They are mainly employed in retail distribution but there are a wide variety of other applications for which

Bedford's expectations higher Continental sales are founded in European markets' preference for powerful, fast, lightweight trucks of the kind

# Cutlery makers divided over use of imports

GOVERNMENT moves to end the practice by some UK cutlery companies of stamping foreignmade goods as "Made in " are likely to provids only short-term relief for an industry near total collapse.

Legislation is to be introduced in the autumn to force manufacturers to state clearly the origin of unfinished cutlery parts, imports of which have undermining the UK

The plight of the industry is illustrated by the fact that imports now account for almost 70 per cent of the £40m-a-year UK market.
They come from South Korea,

Japan, Hong Kong, Singapore, Pakistan and India, countries where low steel prices and cheap labour enable cutlery to he produced far more cheaply than in Britain.

In the past 20 years the UK manufacturers' share of the market has slipped from over 50 per cent to 30 per cent. The reason for the decline has been low productivity compared with foreign manufacturers. But the vulnerability of the UK industry has been further exposed because some British makers have chosen to import cutlery blanks and finish them in

Britain. This has caused a deep divi-sion in the industry between restrictions to allow UK mannfacturers to retrieve their market sbare, and those who say t makes economic sense to

import. Sbeffield was once the beart of the cutlery world, but employ-ment in the industry in the city bas fallen from 35,000 in the Price and president of the 1950s to a mere 5,000.

The number of distinct manufacturing units bas fallen from 800 units to just over 100. Although many were one-man operations, other well known names such as Joseph Rodgers, B. and J. Sippell, Walker and Halls, and Wolstenholme have disappeared.

Many of the smaller companies hove been taken over as the Price of Birmingham, the largest private cutlery maker, to try to find a remedy. has taken over nine such com-

panies in the past six years. Arthur Price's formula for survival has been not to import hut to move to the more expensive end of the retail trade and to attack the estering and hotel trade.

Honse Forte Trust : Arthur Price's first customer in the hotel market, and the company also secured the prestigious contract to supply cutlery for British Airways' Concorde.

Viners, another hig name in cutlery, has chosen to import

• NEWS ANALYSIS-Elaine Williams looks at the threat to a traditional British industry from cheap foreign goods.

many of the cutlery blanks it needs. Last year it incurred a pre-tax deficit of £104,839 compared with a profit of £170,523

the previous year.
Viners' management says its losses were due to several factors: a shortfall in UK sales, low margins on some of its business, the strength of sterling, the rising price of silver for its plating, and high interest rates.

those manufacturers who Few manufacturers would staunchly refuse to use imports question the need for a and are calling for import strategy to revitalise the industry. For more than two years a working party set up under the Department of Industry bas been trying to isolate the

> But conflicting Interests have Federation of British Cutlery Manufacturers, bas described the working party as absolute waste of time." The main drawback seems to

> be that too many interests—those of importers and UK makers-are represented on the working party.
> Mr. Price feels that the only

way forward is to meet directly with Government Ministers, and industry has contracted. Arthur is asking for a meeting with Mr. Cecil Parkinson, Trade Minister.

It took the federation, which has 60 members, three years hard campaigning to get any Government action to stor almost wholly foreign-made

parts being stamped as British. This action was aimed at eaving one of the few areas left to British manufacturers silver. reproductions . eighteenth - century patterns. which have been enjoying a revival for the past five years.
Once legislation is passed in

the autumn, it will mean that even silver-plated imported goods, which require a sub-stantial amount of finishing work in the UK before they are ready for sale, would have to bear a mark showing the extent

of foreign content.
But the industry's survival will not rest solcly on clear cutlery marking. It wants some form of non-tariff import barrier to protect it for two to three years while it attempts ....

Mr. Price wants the Government to look closely at Fran Italy, Portugal and Spain, which have avoided being swamped by imports either by using red tape or by more informal methods.

The UK industry feels that the Government should give its own cutlery manufacturers similar protection before the industry becomes totally dependent on imported cutlery hlanks, as is the case in West Germany, the Benelux countries and Scandinavia.

### Dock rebuilding

THE PORT of Sunderland is to go ahead with improvemen schemes costing about £685,000. Almost £0.5m of this is to be spent on providing a new dam and sluices at the north end of South Docks.

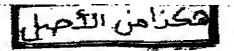
# **NATIONAL BANK OF HUNGARY**

U.S. \$25,000,000, 83 per cent. BONDS 1981

Morgan Granfell & Co. Limited announces that Bonds for a total of U.S. \$752,000 nominal of the above Loan have been purchased and tendered to them for caricallation.

Notice is hereby given that a Drawing of Bonds of the above issue took place at the offices of Morgan Grenfell & Co. Limited on 20th May, 1980 attended by Mr. Richard Graham Rosser of the firm of De Pinna, Scorers & John Venn, Notary Public, when 4,248 Bonds for a total of U.S. \$4,248,000 hominal were drawn for redemption at par on 30th June, 1980. The nominal amount of the Loan outstanding after 30th June, 1980 will be U.S. \$5,000,000.

	hallon d																		
208	ollowing 211	212 212	numbers 218	of the 2	onds dra 218	-: my	223	226	228	230	234	235	241	243	247	248	253	258	260
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468	473	475	478	462	483	484	485	486	488	489	492	493	494	495	496	499	500	501	503
504 542	507 545	510 547	511 561	512 552	514 557	515 560	518	517 563	519 564	521 567	522 568	528	528 573	533	534	535 578	538	539 583	541 584
1002	1003	1004	1006	1006	1010	1014	561 1017	1020	1050	1208	1208	1210	1211	575 1212	577 1215	1217	581 1218	1222	1224
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# Studies may affect gaming industry

INSTITUTIONAL INVESTORS are seriously questioning whether public companies ought to be involved in the gaming industry.

pansation, and probibit resale, and executiva control are more directly linked. The board denies it consciously favours from companies whose ultimate private companies but agrees it consciously favours it is a seek at least the control of the co

In the wake of events which led to closure of Ladbrokes, London casinos and objections

Although the institutions are preoccupied with the urgent need to rehabilitate the two companies now threatened with loss of gambling revenues, their studies could have a little of the companies could have a little of the companies and little of the companies now threatened with loss of gambling revenues, their studies could have a little of the companies could have a little of the companies are little of the companies and little of the companies are little of the companies studies could have wider impli-cations for the industry.

Reasons for their disquiet include provisions of the Gaming Board, and the unsuitability to gaming of the traditional structure of a public company and for a Stock Exchange listing.

One investment manager believes the institutions may have to recommend to the Stock Exchange that gaming com-panies are unsuitable for because their assets cannot strictly be regarded as either permanent or transfer-

Gaming companies' asseta the institutions believe, depend on the grace and favour of the Gaming Board which, together with the police, bas wide and final powers under the Gaming Act to control the industry. It

ownership changes through takeover.

The board also has power to close the industry completely. to some of Coral's licences, the close the industry completely. It has a statutory duty to pro-institutions have studied details

to limit the number of outlets. This applies to casinos and

In recent months the board appears to have begun such a ogramme, following reduction public in numbers of Middle Eastern Stock gamblers visiting Britain. Earlier this month it issued a general warning that it would be wrong for applicants for new licences to assume these would be issued as a matter of course to replace licences withdrawn.

Public companies, which bave indirect ownership and control, The institutions also fear that the traditional structure of a public company—owned by widely differing interests, with executive power delegated to a capable of being transferred through sale of shares, the institutions sav. The require-ments of the Act are such that board and executives may not provide the tight, centralised control of operations demanded by the board before granting a

The institutions believe this can close casinos without com- requirement favours private

# Racal tops European Whisky deal electronics league

BY JASON CRISP

panies are the most labour intensive in Europe yet they include some of the most profitable, says a study of the 30 largest European electronics companies.

The three most profitable-based on a ratio of pre-tax profit to sales—were UK companies. The study by Mackintosh Consultants shows that in 1978 Racal was the most profitable with a ratio of 27.2 per cent.

insists on tight control at the

This insistence seems to bave

been a factor in the Ladbroke case. Having been deemed nufit

to operate casinos itself, Lad-

broke restructured its casino

perations under an arms' length subsidiary, City and Provincial Gaming Holdings.

the parent escape penalty for

breaching the Act by any restructuring. Offenders must

not be able to escape punish-

ment by a mechanical device.

decision indicates a general

principle that a gaming com-pany, once convicted, could be

barred for ever from the industry and might not be able

to sell off its beneficial interest

gambling cannot be guaranteed

permanent assets

Tha institutions fear this

the board decided. .

But the board refused to let

highest level.

Rank Organisation, which includes substantial other activities, achieved 25.3 per cent and GEC'a profits were 15.1 per cent

The best performing non-UK companies were LM Ericsson, the Swedish telephone equipment company, and Nixdorf, the German mini-computer manu-facturer, whose profits repre-sented 8 per cent of sales. The Dutch company, Philips, the largest in electrical and elec-

tronic goods, achieved 3.8 per cent and Siemens, the German group, which is second largest, 5.9 per cent

In contrast the UK companies, along with those in Italy, bave the lowest productivity as measured by sales per employee, Only Racal, which has sales of \$48,400 per employee, compare with average levels achieved by other major gambling cannot be guaranteed European electronics companies to provide this sort of security. But even this is well behind

BRITISH ELECTRONICS com- Nixdorf (\$70,100), Saab-Scania, panies are the most labour the Swedish defence and trucks group (\$65,700), Oerlikon-Buhrle, a Swiss conglomerate (\$56,200), and CII-Honeywell Bull, the French computer company (\$54,000).

> GEC, Britain'a largest elec-GEC, Britain'a largest electronics company, has lower productivity than the other European giants, with sales per employee of \$25,300. This compares with Siemens (\$44,800), Philips (\$39,000) and AEG-Telefunken (\$43,000). Currency conversions were based on IMF averages for 1978, the fiscal year for the company reports the company reports

While most European com-panies had sales per employee of over \$30,000 most UK companies slipped below that mark: Although 10 UK companies feature in the top 30 their comhined turnover only equals that of Siemens (\$14.428) and is less than that of Philips (\$15,119).

Measured in electronics turn-over alone, GEC is Europa's fifth largest, behind Thomson-Brandt and AEG-Telefunken. With estimated sales of inst over \$2bn. GEC is less than ouarter the size of Philips, whose sales exceed

Mackintosh European Elec-ironics Companies File is audil-able from Mackintosh House, Napier Road, Luton. Price £75.

# rejected by Distillers

By Gareth Griffiths

THE DISTILLERS Company bas turned down an offer from an import-export company to guarantee enough whisky orders to keep all its plants at full time work.

Madison, Benson and Carter, a London-based company offered to guarantee enough orders for the plants at Stepps. South Queensferry and Fife to remain in full production.

At present 3,600 production staff are on short time working because of falling export orders.

Mr. Ron Smith, Madison, Benson and Carter's managing director, said yesterday be could arrange a consortium within 48 bours to guarantee sales of between 100,000 and 1m cases of whisky a month. He said 12 wine wholesalers were prepared to be consortium

Madison Benson and Carter want to seli Distillers' brands directly to Continental supermarkets; bypassing Distillers' distributors. It wants access to all the company's brands, not simply those doing badly.

Johnnie Walker and Dewars at the October conference. would be included, although their bottling plants are working

Mr. Smith said his company lack of demand for Scotch at the whole party, the mandatory

ready for battle LABOUR'S Left- and Right- mentary party pledged to abida

Labour factions

wings yesterday squared up for another bitter contest over party power and policies at tomorrow's one-day conference.

Seven Left-wing groups united to launch s renewed campaign in support of their demands for in support or their demands for "party democracy." At the same time, the Right-wing Campalgn for Labour Victory responded with an angry challenge to the policy statement to be put before the conference by the Left-dominated National Executive Committee (NEC).

Mr. Alex McGivan, the campaign's organising secretary, described the programme as " a typical product of the party's current mess," and called for a radical re-think of policy. Ha said the NEC was out of date and negative and should be restructured. Its programme offered "no serious basis for a party manifesto." The Left aims to use to-

morrow's party gathering to beign rallying support for the critical votes on party reform Mr. Anthony Wedgwood Benn will press the Left-wing ference demands that Mr. James The Callaghan, Opposition Leader, is operated on a 2 to 3 per cent intent on thwarting. These are profit margin and there was no the election of the leader by

re-selection of MPs, a parlia-

by party policy, tha maintenance of the present Left-dominated structure of the national executive and its sole right to decide the party manifesto.

In a pamphlet to be circulated In a pamphiet to be circulated at the conference and later distributed throughout the party. Mr. Benn says the power of the party leader — "an elected monarch"—is one of the main reasons wby the socialism of the Labour Party is not expressed in Parliament.

In its reply the Campaign for Labour Victory, which claims the support of over 100 MPs. called for more positive party policies. There is not tha slightest shred of evidence that the stale remedies of the past, particularly more nationalisa-tion and state control over the economy, have either any popular appeal to working people or are an adequate solution to our economic problems," it said. A group of former Labour MPs, led by Prof. David Mar-

quand, last night called on Mr. Callaghan to reject the policies being put before the con-The group attacked in particu-

lar commitments in favour of nationalisation without compe sation, a virtual commitment to withdrawal from tha EEC. and confusion over defence policy.

# Unity would benefit Protestants - Haughey

MR. CHARLES HAUGHEY, the Irish Prima Minister, yesterday don on May 21 represent an spelt out in detail his thoughts about his first full-length meeting with Mrs. Thatcher last

He restated his view that he was prepared to be flexible toward Northern Ireland Protestants in the sense that he envisaged a federated Ireland.

In a major speech, he said: "I bave in mind that the nor-thern majority would be invited

"I believe those talks in Londevelopment in the relationship between Britain and Ireland."

His speech met very little opposition in the Dail, Mr. Garret Fltzgerald, leader of the Fine Gael, the main opposition party, said: "My desire and that of my party is to maintain as far as possible the common position on Northern Ireland with other parties bere. Secondly. thern majority would be invited to look at unity as a prospect to seek political advantage on offering them great advantage.

# Reliant Scimitar cuts put 130 on short time

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

of the Scimitar sports estate.

late February of a convertible version of the Scimitar. Like its sister models this uses the 2.8 litre Ford engine incorporated in some Granadas.

BL's "Buy British" campaign,

working indefinitely.

Output was running at 20 cars
a week early this year as Rellant built up for the launch in Robin continues as normal, and output of the four wheeled Kitten will be increased slightly. Last year Reliant sold about 5,000 Robins, 500 Kittens and 1,000 Scimitars.

# THE SLUMP in demand or big congined cars in the UK has tial customers for the Scimitar forced Reliant to cut production bave been attracted away by From next week 130 employces on the Scimitar line at the Rover and by the aggressive the Tamworth, Staffs, plant will switch to one day a week ducers.

### Record £25,000 paid for netsuke

SOTHERY'S established a new high for a netsuke in London vesterday while Sotheby Parke Bernet in New York was setting

> SALEROOM BY ANTONY THORNCROFT

an auction record for a painting. can dealer, paid £25,000 for an 18th century ivory netsuke of

a recumbent stallion, signed

Okatomo. The previous best was £19,000 paid at Christie's in

The netsuke and inro total of £240,I45 was above forecast Other high prices were £11,500 from Eskenazi for a rare silver lacquered inro and £9,500 for

wooden inro. In the auction of prints, which totalled £153,183, a set of oriental racehorses by Ekeman-Allesson sold for £6,500, and eight plates by H. Alken of the Beaufort Hunt, 1833. for £5,000.



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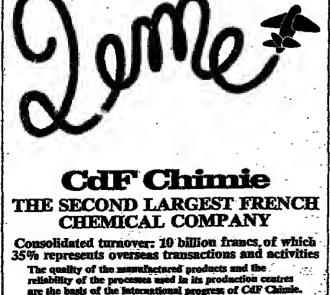
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Cdf Chimie CIP CEDITE ADAPTS TO A CHANGING WORLD



Fire loss

up by

BY ERIC SHORT

FIRE

FIRE DAMAGE costs rose £4.5m in April to £38.8m, £15m higher than damage for April

last year, according to figures issued yesterday by the British Insurance Association.

This brought damage costs this year to £201m, nearly double the figure for the corresponding period last year. Much of this year's increase arose from the fire in January at the British Aircraft Corporation's

British Aircraft Corporation's

warehouse at Weybridge costing

£72.5m—the largest fire damage

المتأث

Unaudited group results for the six months to 28th March, 1980

Brewers since 1762

		•	
<u>.</u>	Six Months ended 28.3.80	Six Months ended 30.3.79	Year ended 28.9.79
TURNOVER	£000 88.381	£000 79,381	£000 162,233
Trading Profit before Charging Expenses below Repairs to Properties Depreciation	13,432 2,216 1,957	11,199 1,803	25.379 3.996 3.230
Interest Payable Investment and Short Term	1,160	1,430	2,358
Interest PROFIT BEFORE TAXATION	(193) 8,292	(100) -6,606	16,068
less ESTIMATED TAXATION PROFIT AFTER TAXATION	3,056 5,236	2,383* 4,223	5,798 10,270
less Preference Dividend Earned for Ordinary	194	194	388
Shareholders INTERIM DIVIDEND to be paid	5.042	4,029	9,882
on 18th July, 1980 2nd INTERIM DIVIDEND paid on 7th September, 1979	1,661	847 675	2,906
Earnings per Share	1.661	1,522	2,906
Ordinary Share 'A' Ordinary Share Earnings per Share	9.11p 1.82p	7.28p* 1.46p*	17.85p 3.57p
(calculated on the basis of a 52 per cent tax charge) Ordinary Share	6.84p	5.38p	13.23p
'A Ordinary Share  *Adjusted to reflect the effective	1.37p e rate of tax fo	1.08p r the full year.	2.65p

- Profit before tax up 25.5 per cent.
- Interim Dividend of 3p per Ordinary and 0.6p 'A' Ordinary Share payable on 18th July, 1980.
- Early repayment of £9 million Medium Term Loans due to strong cash flow.
- In spite of inflation, encouraging results from all activities.

C. J. B. HATTON Chairman

Greenall Whitley & Co. Ltd., Wilderspool Brewery, Warrington WA4 6RH



Investment Group Limited

Results for the financial year ended 31st December, 1979.

Group Turnover	£10,123,000	1978 £9,846,000
Profit before Taxation fineluding share of profits of associated companies	167,000	200,000
£46,000) (1978 £15,000) Taxation	30,000	178,000
Profit after Taxation Dividends	137,000 56,000	522,000 109,000
Retained Profit	£81,000	£413,000
Net Earnings per Ordinary Share	I 47p	5.60p

The expectation of an improvement in demand arising from the October, 1979 income tax repayments was not fulfilled and tumover was maintained only at the expense of gross profit margins. This, together with an increase in interest charges of £273,000 over 1978 stemming from the very high interest rates both at home and abroad, resulted in a downturn of profits and for the year to 31 December, 1979, the Group profit, before taxation, amounted to £167,000. These results are considered by the Directors as a temporary set back only, but having regard to the lower profit and the very high cost of borrowing, they consider it to be in the best interests of the Company not to recommend the payment of a final divideod.

The Wholesale Distribution Division continues to be the major contributor to Group profits. Ranges of goods have been extended and several large multiple stores are becoming regular customers. Turnover of our Cash and Carry outless continues to increase and it is still the Board's policy to extend this business as and when opportunities occur. Gross profit margins in the first quarter of this year show a recovery and on the basis of emand continuing at present levels this Division is expected to show a good improvement on last year.

The depressed state of the textile industry had its effect on the Textile Manufacturing Division which suffered a trading loss of £20,000. The remedial action taken last year did not have the full effect anticipated during the second half of 1979 but it has enabled the range of fabrics to be increased and new customer areas to be pursued. Now, for the first time in many months our order book looks encouraging and if this trend continues, a return to ofitability of this division should materialise before the end of 1980.

Fulure Prospects

The ever-changing political climate and economic measures, both home and abroad, continue to have their effect on industry and without reasonably stable conditions the future must remain uncertain. However, the start to the year has been encouraging and leads me to anticipate a good recovery with profits for the year up on those

Copies of the Report and Accounts are available from the Secre

Inter-City Investment Group Limited Glasshouse Fields, Cable Street, London E1 9HZ



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Algemene Bank Nederland N.V.

May 1989

### UK NEWS

# BR Chunnel company mooted

BY LYNTON MCLAIN

AN INDEPENDENT company may be set up to own and operate a Channel Tunnel, Sir Peter Parker, the chairman of the British Railways Beard, said yesterday.

He told a meeting of the Royal Institute of International Affairs in London such a company could act as a link between the Government, which owns British Rail, and the private investors now being senght to fund a Channel Tunnel.

British Rail wants the Government to decide about a fixed link across the English Channel next year. The first step after Government approval would be the preparation of a treaty with France

tunnel could start by 1983 if the Government approval was given next year. And the link could be in operation by

formally committing both sides to build a link.
The necessary legislation would take about two years and work on building the

Sir Peter recognised that the attempt to attract private risk capital for a Channel Tunnel could involve spreading the capital requirements over "several phases."

the economic viability of the single-bore rail only tunnel proposed by British Rail and French Rail. The joint final report of the two railways is expected to be published by early autumn.

In the meantime British Rail is looking forward to the next meeting of European Ministers in July. Sir Peter said be had hopes of more positive EEC moves on the funnel at the meeting.

Forecasts for traffic flow

through the tunnel pointed to am passenger journeys a year and 8m tennes of freightrepresenting a third to a halfof the Channel freight business—by the end of the century. In addition, BR planned to take no to three meterall trains a day through the tunnel. Lorries would not be carried.

# SNP renews oil revenue demand

BY RAY PERMAN, SCOTTISH CORRESPONDENT

and the local polls earlier this British Lahour Party is allow-month, returned to its old ing them to get away with it demand yesterday that all oil "With independence and conshould go to Scotland.

Gordon Wilson, MP for Dundee East, said that the choice had given to the people of Scotland: rich Scots or poor British The slogan had been of world markets as Britain is attacked when first used, he doing."

added, but had proved horribly The party, which lost nine of

conditions almost a year ago— is traditionally in the front-line of any general recession.

Sbort time working and redundancies have become

But some manufacturers, particularly those with good export trade in the upper price

end of the market, are faring

better than others. Even in exporting, however, producers face difficulties because of the

Gomme Holdings, maker of G-plan furniture, is one of the latest manufacturers to intro-

latest manufacturers to intro-duce short - time working — a three-day week for 800 workers at its Nelson factory, which deals mainly with the trade's upholstery side. In addition 200 workers and office staff out of a total of 700 are to be made redundant by

are to be made redundant by August at the Grovewood Pro-

ducts Kitchen Furniture plant in Tipton, West Midlands. The company, part of the Duport Group, says the cut have to be made as part of a streamlining

The industry employs 90,000 people and sells £1.5bn worth of wooden furniture and upholstery

There are no giants in the industry, Gomme Holdings, for example, is one of the larger

manufacturers employing just

under 2,000 people. Its turnover last vear was £30.3m. Christie

£750,000

repairs to

North Sea

platforms

REPAIRS COSTING more than

£750,000 are to be carried out to the production platforms in the North Sea's Piper and Clay-more oil fields following the discovery of halrline cracks:

Occidental Petroleum, the operator for the two adjacent

fields said yesterday the damage was minor and absolutely no danger to our personnel." The cracks, thought

to have been caused by the pounding of heavy seas, were in "non-structural" areas which

did not bear significant weights. Most of the cracks are oo Piper, which was installed five years ago. The Claymore plat-form was installed four years

The repairs involve the placing of about 50 clamps on

the affected areas. A contract for two-thirds of the clamps has gone to a Dutch company, VKV.

while the remainder are going to companies in the Aberdeen occidental said the cracks

had no connection with -past corrosion problems on the Piper

platform. Production will not be affected.

Production from the Piper field was cut by nearly 25 per

cent from April 1, down to some 200,000 barrels a day, to allow reservoir properties to be evaluated. The field will be producing at this rate until the

This is the third report of structural problems on UK pro-

duction platforms in the past fortnight, all of them said to

Two weeks ago 40 men from a 260-strong crew were taken off the Thistie A platform after routine maintenance inspection

revealed a crack in the support-

ing strut of an accommodation unit.

end of September.

be minor

By Martin Dickson,

strength of the pound.

THE SCOTTISH National Party. Want us to pull our punches, lors at the local elections, it There are a quarter of a million defiant despite crushing defeats. The Tories are destroying at its lowest electional level for Scottish pupils whose education in the general election last year modern Scotland, and the North a decade. But morale is high is being affected by the Govern-

revences from the North Sea trol over our own oil resources At the opening of the party's annual conference in Rothesay. Scotland from falling into the the party's chairman, Mr. abyss of de-industrialisation. As and national financing, we could Norway has displayed, countries with oil wealth can curb inflation and get economic growth without pricing themselves ont

The industry's fragmentation means it is impossible to obtain

any up-to-date total of short-

time working. But, earlier this month Mr. H. N. Sporborg, chairman of Gomme Holdings, said the furniture market, and

upbolstery in particular, had been reduced drastically since

quarter of this year had fallen 15 per cent in volume compared

He estimated that the indus-

try's trade deliveries in the first priced.

the end of February.

a decade. But morale is bigh among delegates who believe the Government's economic policies will lead to an industrial collapse which will force Scots to turn back to the SNP as the only credible political

Mr. Douglas Henderson, senior vice-chairman, said the old alliance of Labour, which controlled local district councils, and the Conservatives was imposing expenditure cuts on teachers, who are striking over

or 32 per cent, lower than in February 1979. The three-months running index was 28.7

With the industry already

facing a much smaller domestic

market it is concerned about

the rising trend in imports, particularly cheap products it suspects of being unfairly

The imported furniture share

per cent lower.

THE UK furniture industry is in one of the worst slumps for more than a decade, says a leading manufacturer.

The industry enjoying boom

The

ment's intransigence on the pay question and , the Labour council's cowardice in not fight-ing against the Tories SNP councils would not have been So coy.

Mr. Tim Sillars, former MP for South Ayrshire, who left Lebour to form his own indepeodent group and is now to join the SNP, addressed a fringe meeting last night calling for a more radical leadership in the independence movement for Scotland. But Mr. Jim Fairle

been in touch with the anti-dumping unit at the Department

of Trade and with makers in

other EEC nations. They believe Czechoslovakia, East Germany

and Romania may be subsidising

exports through their state

its 11 Parliamentary seats in "The teachers are not the accuse "In this conference I do not March last year and 100 council- only ones with a grievance, touch "The teachers are not the accused him of being out of

### case in the UK. In contrast to the general trend in recent months there was only one fire in April where damage exceeded fim. This occurred at the bottle store of Wickham and Lang in Johnstone, Renfrewshire, causing £2.7m of damage Furniture industry 'in recession' There were another 12 fires

where damage exceeded £250,000, so the bigh level of damage last month arose from claims. There were 104 fires costing more than £40,000 including 65 in places used by the public.

### Tax laws 'spur to marriage

British taxation laws are in efficient because they provide an artificial Incentive to marry, says a report by the Institute of Economic Affairs published

today.

The report says "families receive extremely favourable tax treatment compared to the treatment of single people in

# exports through their state trading organisations. Among "market orientated" countries being investigated and against whom a case of unfair pricing may be made to the Department of Trade are the U.S., South Africa, Malaysia, Taiwan, Indonesia and Yugoslavia. 15 per cent in volume compared of the UK market is only about Departs with the same period in 1979. 18 per cent, and until fairly U.S., The latest official statistics recently exports and imports Taiwan for the lodustry cover up until bave not been too much out of slavia. Our banker helped put

this business on the road.



50 percent.

**American Express International Banking Corporation** helped this European sports car manufacturer grow in new markets.

The company had a terrific new line of highperformance sports cars — and plans for an expanded service network in Europe and in America. Demand for their cars already far exceeded supply.

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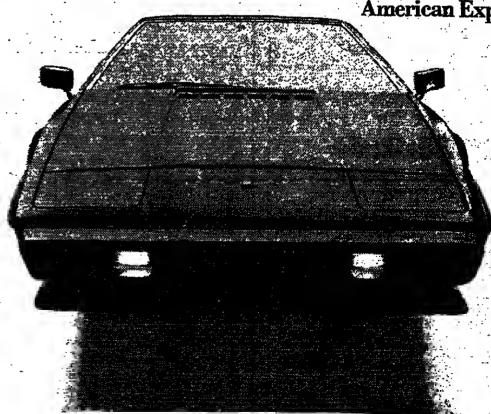
So we put together a complete financial package. Enough working capital to make sure they could keep rolling...and more, to expand their exports abroad. And it worked. Sales in the six months following our action rose over

American Express Bank has a long tradition of helping businesses grow. With a global network and a full range of commercial and investment banking services, we can handle both ends of a transaction: from raw material to finished product, from exporter to importer.

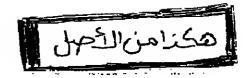
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# We've got the best special offer of all. A great car.

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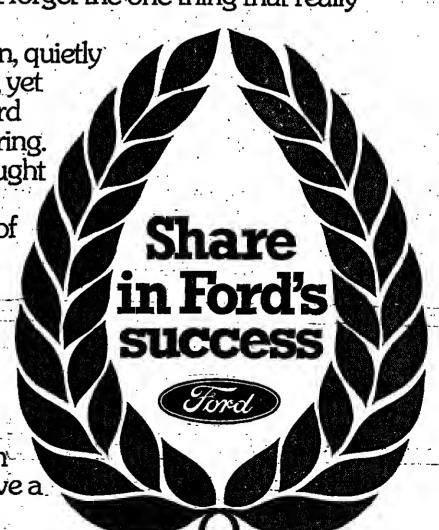
These days everyone is making tempting offers to sell their cars. Including Ford dealers. But let's not forget the one thing that really matters. Not the offer, but the car.

With its all independent suspension, quietly refined interior, and a range of powerful, yet surprisingly economical engines, the Ford Granada puts the emphasis on engineering. That's why it has long been the most sought after car in its class.

Now, we're happy to say, supplies of Granadas have finally caught up with demand. So now we'd like you to share in our success.

If you buy a Granada in May or June, your Ford dealer will be in a position to offer you very favourable terms. And a good deal on your old car.

Why not drop in and see him. Even if there were no favourable terms we have a feeling that you would still buy the car.



FORD GRANADA Girel

# Finance Director

This is a career appointment in an expanding distribution company, part of a large British industrial group, marketing branded automotive components.

- THE DECENTRALISED NATURE of the organisation places considerable demands on financial and working capital planning and controls. Computerised systems are being introduced to facilitate this task.
- A QUALIFIED ACCOUNTANT is required with proven success in 2. senior finance role in a related field, including practical experience of computerisation.
- AGE: late 30s. Salary for negotiation around £15,000. Location northern Home Counties.

Write in complete confidence to D. A. O. Davies as adviser to the company.

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# Director of Finance

for a manufacturing company in the forefront of electronic technology. Part of a large British international group, the company has a record of rapid expansion, and the forward plan signals continued growth well beyond the £20m mark.

- RESPONSIBILITY is for all financial and secretarial activities. in two locations in the South West of England. This includes the provision of financial advice and the management of accounting, data processing and systems development.
- A QUALIFIED ACCOUNTANT is required with at least ten years' industrial experience. A thorough costing background is essential, gained preferably in the electrical or electronic industry.
- SALARY for discussion; £,15,000 is the indicator.

Write in complete confidence to G. W. Elms as adviser to the company.

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# Assistant Secretary

- THIS is an opportunity to join the London headquarters of a large, diversified international group which has a record of profitable and dynamic expansion.
- THE APPOINTMENT is appropriate to a young lawyer experienced in company and commercial law who is now seeking career development in a leading British enterprise.
- INITIAL SALARY around £,12,000.

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### **COMPANY NOTICES**

PROVINCE OF NEWFOUNDLAND (CANADA) Canadian Dollars 20,000,000 91% 1975/1983 Bonds

Pursuant to the provisions of the Purchase Fund, notice is bereby given to Bondholders that cominal Cdn \$ 500,000-have been purchased for the Purchase Fund during the twelve-month period commencing May 15, 1979.

Amount outstanding: Cdn \$ 19.250.000. PROVINCE OF NEWFOUNDLAND

May 29, 1980.

### **PERSONAL**

### **CLUBS**

### BANK HANDLOWY W WARSZAWIE S.A. US\$30 million Floating Rate

The rate of interest applicable for the six months period beginning on 29th May 1980 and set by the reference agent is 1048% annually.

### **LEGAL NOTICES**

PREVENTION OF FRAUD INVESTMENTS) ACT 1958 NOTICE IS HEREBY GIVEN that EBOR SECURITIES LIMITED of 4. Groat St. Helens, London ECSP 3EP has relinquished the Principal's licence issued pursuant to Section 3 of the Act having transferred its business to Serv & Prosper Securities Limited. BBOR SECURITIES LIMITED has made application to the Department of Trade agriculture of Frame Imperation to Trade agriculture of Frame Imperation to the Department of Trade agriculture of Frame Imperation to the Department of Trade agriculture of Frame Imperation to the Act Art agriculture of Section 4 of the Act. Art agraculture of Section 5 of the Act. Art agraculture of Trade, Sanctuary Buildings, Great Smith Street, London 5 WIT not lister than 30th Street. London 5 WIT not lister than 30th Street. London 5 WIT not lister than 30th Street.

### **COMPANY NOTICES**

GERMAN GOVERNMENT INTERNATIONAL 51% LOAN 1930

(YOUNG LOAN)

and notified the German reports price and states above the friendes of surrections of the Exchange Grazantee.

The Trustee accordingly instructed the Paring Aprets concerned to pay the Bonds and Copoun time as I not 1961 on the old baths and to take all the necessary stees to preserve the regists of the Bondschoters to the additional payments which, in the Trustee's obtaining were single to them. As the trustee was not a party to the London Agreement, to take the matter up with the Cernan Federal Government is order to extent that an appropriate establishment was reached.

In Mary 1971 this question was submitted to the Arbitral Tributal referred to in Article 28 of the London Agreement by the American Selfan British, Franch and Swites Governments, the earlier necessaries which these Governments had been with the German Federal Covernment baths in the Arbitral Tributal payments had been substanted by the American Selfan British. The Arbitral Tributal political Covernment is the Arbitral Tributal appearance was made as politically in the American Selfan Covernments. In the Arbitral Tributal payments in the Arbitral Tributal political covernments are life. May 1934, a question that the Eschange Guarantee was respondent political in the event of revokations that the Eschange Guarantee was repolitable in the event of revokations. The three dispending arbitrators is not a dispending online.

The three dispending arbitrators is not a dispending online of the Pederal Republic of Germany as respondent political to the Arbitral Tributal payment only concerns the formal residence of the Pederal Republic of Germany as respondent political for the Arbitral Tributal payment on the Arbitral Tributal payment on the Arbitral Tributal was made a dispending online of the Covernment the formal was not the Eschange Government and the Covernment of the Federal Republic of Germany as respondent politics of the Young Loan and the Covernment is the Arbitral Tributal was only to the Arbitral Tributal was only to the Arbitral Tributal w



### BARLOW RAND LIMITED (Incorporated in the Republic of South Africa)

7% UNSECURED NOTES 1875/84 (" THE NOTES ") SIXTH CAPITAL REDEMPTION

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DAVID S. COHEN.

# LABOUR NEWS

# Post Office clerks may resign from CPSA

BY PHILIP BASSETT, LABOUR STAFF

in the Civil and Public Services members. Association are threatening to transfer their membership to one of the other major unions in the telecommunications busi-

which has maintained its Post split between posts and tele-Office membership since the cor-communications.

The addition of the CPSA's Civil Service in 1969.

It would greatly reduce the membership power wielded by the union in both the TUC and in the ranks of the other Civil Service unions. The two other unions most likely to pick up the CPSA members in the Post Office are

the Union of Post Office. Workers, the largest union in the corporation, and the Post Office Engineering Union. The CPSA will today continue merger talks with the UPW. Union officials acknow-

ledge that a merger is likely to arise between the two contend-ing nnions with the UPW the ship, especially in view of a recent arbitration award for the POEU which went beavily comprises 23 members, 12 elected under the regional system and 11 by various occupational conferences.

POST OFFICE clerical workers against the interests of CPSA have become increasingly co

A mergor with the CPSA would have considerable advan-tages for the UPW, which is facing seeing to members in the telecommunications business-A transfer by the 37,000 Post mainly telephonists—drawn Office members would be a apart from the bulk of its postal serious blow for the CPSA, members in the forthcoming

> The addition of the CPSA's members would give the UPW a considerable bargaining unit of some 80,000 members. The CPSA, though, is concerned about the degree of autonomy its members would enjoy in the

> The POEU has formally proposed a merger to the CPSA, offering the union's Post Office members the security of an autonomous occupational group within the union, including a separate annual conference and direct representation on tho union's executive council at both national and regional level.

At present, the POEU executive comprises 23 members, 12

CPSA Post Office members' the future of the CPSA.

cerned about their subordinate position within the main Civil Service grouping of the union. Their pay and conditions are negotiated separately and their more stable membership is alarmed at the deepening political control of the conditions are negotiated at the deepening political control of the conditions are negotiated at the deepening political control of the conditions are negotiated at the deepening political control of the conditions are negotiated at the deepening political control of the conditions are negotiated at the deepening political control of the conditions are negotiated at the deepening political control of the conditions are negotiated at the deepening political control of the conditions are negotiated at the deepening political conditions are negotiated at the conditions are negotiated at th

cal divisions in the main body of the CPSA. The Post Office group has also seen its power in the unlon wape following the decision of last year's annual conference to end the block voting system for national executive elections. In particular this year asw the de feat for the national executive of the popular chairman for the Post Office group, Mr. Spike

Wood Mr Ren Thomas, CPSA gen-eral secretary, has already-alerted the union's Civil Ser-vice mambers to the fact that the Post Office group "is cur-rently discussing their future in the trade union mevement in

their industry." He has told members that he wants the Post Office group to stay in CPSA, but he also wants the union properly equipped to represent them. Such questions, he has said, are fundamental to

# Prom planning goes ahead

BY OUR LABOUR STAFF

season of BBC Promenade con-certs were going ahead yester-day despite the threat of a strike by the Musicians' Union.

BBC.

It has been threatening to to save the orchestras in Scor-strike from Sunday over the Corporation's plans to axe five The corporation has said that of its 11 orchestras as part of it will co-operate with any two-year economy drive to

PREPARATIONS for this year's an attempt to avert the strike-The union said earlier this

week that it was very pessimiscerts were under threat late tic about the prospector a solu-yesterday of prolonged industion. It has also discounted the prospector of the union of the uni

attempt hy other groups to save the corporation £130m. . share the burden of music-The union and the BBC were making in those regions affected still meeting late yesterday in by the cuts.

Controller of Music, said yesterday that the planned Promenade programme will be pur-sued until the last moment and if any strike is settled during the eight week season the hope will be to start the concerta as soon as practicable.

If the Proms are completely cancelled it will cost the BBC over £200,000 in compensation to artists and to the Royal Albert Hall, the venue. Last year the usually profitable

# Strike threat lifted at Labour HQ

THE THREAT of a pay strike by staff at the Labour party's new Walworth Road headquarters in South Londou was: lifted yesterday when the Transport and General Workers Union, which has the majority of staff at the head-quarters, voted 34-7 to accept a new offer made to them by

the staff negotiations com-Apex, the second biggest union at the headquarters was yesterday recommending its members to accept the offer.

to withdraw notice of a strike

The 120 headquarters staff

in line with the awarded to departmental heads at Walworth Road. But the staff negotiations committee offered them no more than 20 per

Yesterday the committee increased the offer by 2 per-cent and agreed to conduct a comparability study with

The National Journalists and the print naion, SOGAT, are likely to fall into line with the decision taken by the two biggest unions at the headuarters. Mr. Nick Sigler, chairman of the joint trado union con-

mittee at Walworth Road, and a member of the transport union said they accepted the offer reluctantly.

"The argument against. accepting was that higher grades would get more than lower grades. The reasons for accepting were that we had been offered 22 per cent and that the that we wall talk to be a higher offer," he said.

Meanwhile, Labour's special one day conference will go ahead at Wembley on Satur-day, although delegates will be affected by sanctions imposed this week by the headquarters staff.

## 'Special stresses' face women in top jobs

BY PAULINE CLARK, LABOUR STAFF

WOMEN MANAGERS face The project took a sample of special stresses which expose 125 women managers whose MANAGERS face from taking management jobs, according to a pilot study pub-

lished yesterday.

The study, produced by researchers at the Manchester Institute of Science and Technology claims that in addition search Associate and Professor of Cary Cooper, Professor of Cary Coo women managers are subjected to sources of occupational stress which are not experienced by

Women in senior posts must regularly cope with such problems as feelings of isolation and theh urden of being "the token woman" in addition to prejudice, sterotyping and covert discrimination from the people they work for and those who work for them, say the resarchers.

their male counterparts.

them t ostress-related disease; positions ranged from company the tree alo deter other women directors and executives to per sounel managers, hank managers and engineers. Just over half worked for private industry, 21

> Management Educational Methods, published the results of their pilot study in the latest issue of Personnel Management in preparation for a larger research project on the sources and levels of stress experienced by British women managers.

## **Picketing** at MFI centres

Financial Times Reporter

East London, branch of MFL the furniture group, will continne until the company reinatates 12 sacked Transport and Geoeral Workers Union members and recognises the union,

the TGWU said yesterday. Union officials said MFI's public image was one of a modern and progressive concern as far as their industrial relations are concerned this dispute bas shown they are still in the

dark ages." The 12 union members lost their jobs on May 21 after taking part in a strike for the rein-More than half the sample claimed that male colleagues had been promoted more rapidly, even in the past two or three was sacked unfairly for his trade union activities. He hia trade union activities. Re three years. In the past 10 had been encouraging other years, this had been the case warehousemen to join the years, this had been the case warehousemen to join the for three-quarters of the sample. TGWU.

# members. Provided that invitinost preliables to the Directors the Astrocky of Association) the powers conferred in the Directors the Astrocky of Association) the other surface of Association) the other surface of Association) the other surface of the provided that invitinost preliable in the Directors of Association) the other surface of the provided that invitinost preliable in the Astrocky of Association) the other surface of the provided that invitinost preliable in the Astrocky of Association) the other provided that invitinost preliable to the Astrocky of Association) the other of the surface of the provided that invitinost preliable to the Astrocky of the industry's companies being supported by the prevent of the suprespet amount there and a half years from year by the Carnet Industry Short Time Work-

three and a half years, from around 28,000 now to about Training Board which suggested 15,000 if present unfavourable conditions persist the Association of Scientific, Technical and Managerial Staffs warned yes-

The association has sent telegrams to the Prime Minister and to Sir Keith Joseph, Secretary of State for Industry, and Mr. John Nott, Secretary of. State for Trade, to express its believed that the level of 15,000 decline. decline.

The oumbers employed in UK carpet manufacture bave fallen sbarply in the past fow years. from 47,000 in 1974 to 36,,000 in 1978. The most serious damage has occurred in the past year, due largely to an over- His prediction of a major wholming flood of imports, declino in the next few years

year by the Carpet Industry three possible manning levels growing level of imports. by 1988, based on various economic and industry factors.

The best of these was 34,000 jobs and the worst 15,000. But after an ASTMS conference last week and a more recent survey of the current position at a large number of

Mr. Ken Orme, carpet indus-try divisional officer for the union in Birmingham, said e large number of carpet companies had recently ceased pro-duction or daclared redundancies, and the outlook was bleak.

A study of the industry's companies being supported by future was commissioned last Temporary Short Time Working Compensation, high interest rates, bigh inflation and the

"Not enough weight was given in the report to the effect of new technology being intro-duced in offices, which will have serious long-turm effects on demand," he said.

Efforts to have import quotas adjusted to stem the flow of imports have so far proved fruitiers, and the union is pessimistic about any government action on this front.

The industry's main hope lies in the recently initiated tritalks between the Unions Congress the British Carpet Manufacturers Association and the Departmen of industry, although progress here is understood to be slow.

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There are three diesel models, the 200D and 240D, which have 4 cylinder engines and the 300D has the 5 cylinder version.

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To prove it, Scotland's long-distance rally specialist, Andrew Cowan, won the London to Sydney Rally in a 280E that was a virtually standard production model.

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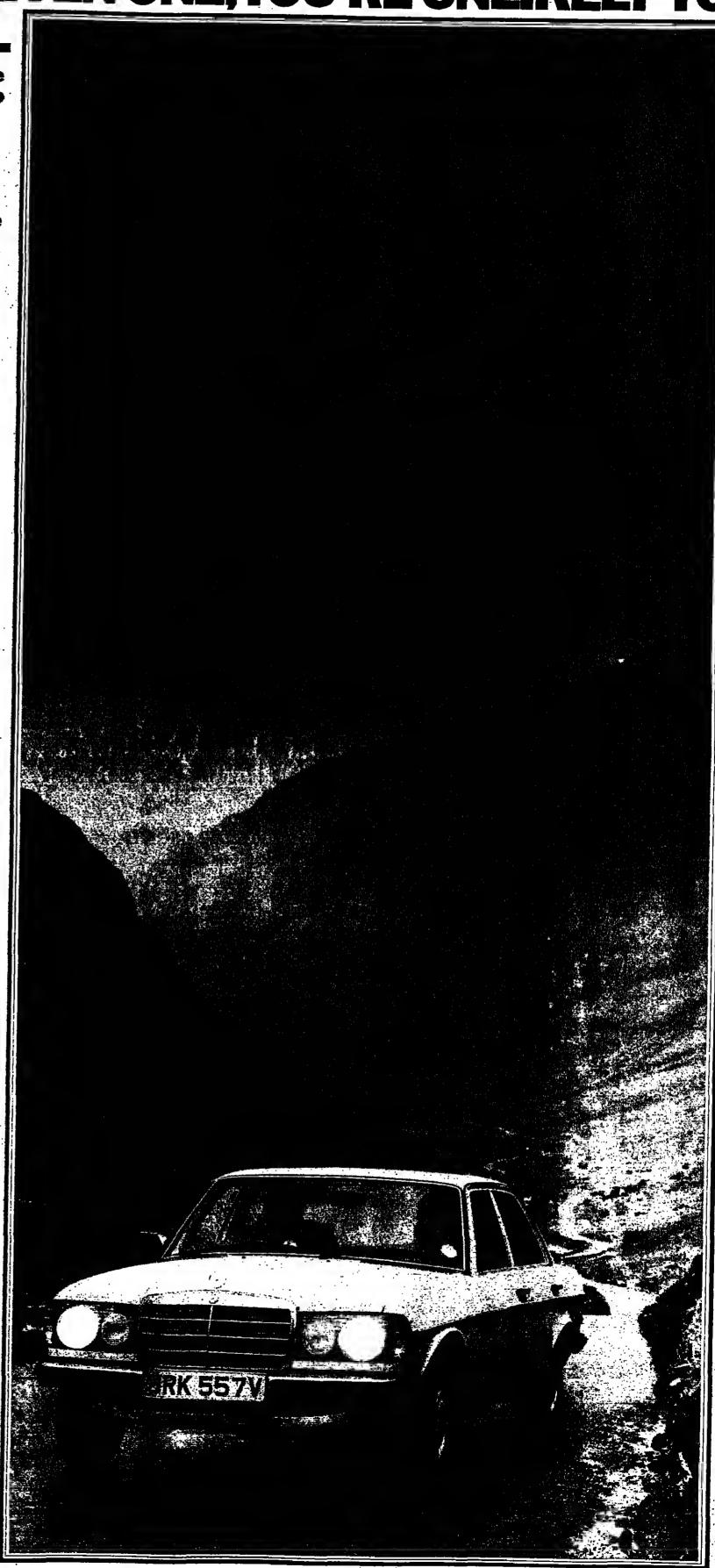
So, at the end of the day, all you have to do is enjoy driving your Mercedes-Benz.

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The second

el al Labour

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A SALVEN

ites to your

SAFETY

loose

screws

**Prevents** 

DESCENDING spectacles can

be a nuisance, so an idea to

prevent the small scrows of

spectacle frames from working

loose, a commoo occurence as

wearers of spectacles can

Developed by Remec Engin-

testify, should be interesting.

that will incorporate a locking

device into the screws. The

idea, a simple one, is to insert

a nylon filament into a slot cut

along the length of the screw.

The filament is slightly pround

and prevents the screw from

working loose once it has been

Although the idea la simple

its application is difficult, espe-

cially when it is considered that

the acrews used in frames are

between 2.5nun and 4.5mm long:

and 1.5mm in diameter. Remec's

machine will cut the slots and

insert the nylon filament, a fob which it is impracticable to do

The machine, which is in-

tended to produce more than 100m modified screws in its

lifetime has been ordered as a

prototype by Payne Products International (Long-Lok Divi-

sion), of lyybridge, Devon, for

its subsidiary in West Germany.

Interest is also being shown in

the idea to another company

five years ago, but it was unable

tn produce a protoype which could work to such fine

measurements and check that

each of the four stages of production had been completed. -The machine has a pneu-

matic-electronics power system and can be fitted complete with its control unit into an area

4 ft by 3 ft 6 in (1,220 mm by

.......

Payne Products initially put

manually.

the U.S.

cering (Plymouth) is a mach

# Down-to-earth use of sun power

in California (and in the less at the same temperature, lucky UK) should result in the pressure and quality, and using increase of crude oil production the existing steam injection in many domestic fields, and also aure costs on the running of clocks!

California, From McDonnell Douglas Corporation says that with petrol imports providing more than half of the American nation's requirements, it is proposing to combine aclar heat technology with enhanced oil recovery techniques now used in areas where underground crude is too thick for normal pumping.

Most common enhanced oil recovery systems use steam injected into the ground to thio heavy oil and increase pressure so that pumps can extract the otherwise unobtainable crude. But, an average of one in three or four barrels of nil produced by the procedure is burned in boilers providing the steam . . . steam-enhanced recovery was producing about 300,000 barrels of oil a day in the U.S. in 1979 -studies indicate the technique can yield up to 1m barrels a day by 1990.

The McDonnel Douglas design studies propose an installation of about 200 heliostats (large moveable mirrora that track the sun) focusing solar heat from a 10 acre field on to a central receiver tower which would be the source of thermal energy for generating steam.

During the day, a solar aystem of this aize could displace a 25m BTU/hour oil-field steam generator, using no fuel and emitting no exhaust pollntants. It would supplement oilburning steam generators used for around-the-clock operation

UTILISATION OF solar power of the oil field, producing steam the existing steam Injection

> system. The company says that a larger solar system with about 400 heliostats could replace a 50m BTU/hour oil-fired steam geoerator, using the sun's energy to displace about 21,000 barrels of oil a year-sod making steam-enbanced production of new crude economically feasible in otherwise marginal

Water recovered from underground with the oil freed by steam can be treated and recycled through the steam generator, minimising the system's water use.

Technology involved in the solar oil recovery proposal initially was developed by the company through work in aupport of the Solar One 10.000 kW electric power pilot plant -America's first major solar power installation. This is being built in the California desert near Barstow under sponsorsbip of the U.S. Department of Energy, Southern California Edison Company, and the Loa Angeles department of water and power.

The oil recovery concept utilises improved elements (such as second generation beliostat and a simplified receiver) incorporated in the company's design studies for other possible commercial and iodustrial solar power tower applications, including proposed

projects in Australia and Egypt.
The Australian proposal involves a 1000 kW solar electric plant to serve the new Yulara tourist resort which is being minium weatherproof casing.

developed by the Narthern Territory Government near

cies on a study of various potential solar power applications. McDonnell Douglas Corpora-

tion, 66. Guldsworth Road, Woking Surrey (048 52 71311). Meanwhile, in Switzerland, Patek Phillipe has developed what is claims to be the first solar powered, radio controlled. virtually maintenance free clock which is being launched in the UK by English Clock Systems, Industime House, Chase Road, Park Royal, London, N.W.10.

(01-965 9011). Although this is likely to cost up to 50 per cent more than a cooventional clock, it regoires no mains connection — and oo attentioo between summer and inter time changes. Only a few hours of sunlight

are needed to keep its aolar cells full charged, and the clock needs no conventional wiring. Incorporating a 2,000 mile radio synchromisation facility, the Teleclock promises to keep totally accurate and precise observatory time through a permanent radio link up with either one or two transmission control centres in Switzerland and Germany. This is made possible via a quartz crystal time base and a long wave receiver complete with aerial

and servo system. The resultant circuit gives a perfect synchronisation between the minute impulses received from the European transmitter and the minute impulsea generated locally in the UK.

Maker says that in the unlikely event of reception failing entirely, the device will be driven by its own quartz crystal. and aa soon as reception is restored, any cumulated time error is automatically corrected, and reception is actually only necessary for 10 minutes per

day to ensure syncbronisation. It is said to be ideal as an exterior clock for any public building, and all commercial and industrial premises, and it possible to incorporate an advertisement on the white dial which can be read easily from a distance of 180 metres. The whole unit mounted in an alu-

• COMPONENTS

# In Egypt, the company is working with government agen. Moves the heat around

DEVICES KNOWN as heat gipes avaporates and condenses in a A STAND-ALONE pension fund have been developed for stabilistics diosed cycle, transferring heat as management and administration ing the cyclic thermal loads latent heat fast and efficiently. encountered in metal discisting and plastics injection moulding

Problems said to have been cooling times, high temperature

than any known solid material. out of a die. It reacts quickly to any change temperature, transferring uniform temperature throughout

quantity of volatile liquid which the heat pipe comes in.

Standard pipes are available in diameters from 2mm upwards. They have a response time of a few seconds and will operate

from 10 to 250 degrees C. overcome by the heat pipe. Suppliers of the heat pipe, called the Kor-Kool, include long Redpoint Associates, Cheney Suppliers of the heat pipe, Manor, Swindon, Wilts (0793 gradients, condensation and poor 38440) says that apart from plastics moulding the device is The heat pipe is described as especially suitable for discasting a slender lightweight sealed tube aluminium and zinc; it can be which has a thermal conductivity used for temperature levelling some hundreds of times higher or for transferring heat into or

In some casting or moulding processes it is desirable to heat heat from hot spots to cooler areas of the die to ensure a areas and at the same time continuous flow of the molten maintaining a substantially material to the more remote parts. Again it is sometimes necessary to switch rapidly from Inside the tube is a small heating to cooling. This is where

### Keeps it under control

and Blizzard.

more than double the capacity making them ideal for all appliof the former installation to eations experienced at the 13.45m gallons - eoough to works cater for about 165,000 people several years' expansion of the current 125,000 population at Cambridge.

The Wey valves installed at the works range from 50 to 900 mm bore, with one of the largest valves controlling the inlet to the plant. Here, a flow meter system registers and passing to the new and old treatment works.

To keep the station at maximum capacity, the Wey valve is used to maintain the correct Gardens. balance of 40 per cent of the (01 204 7155.)

WAFER DESIGN of Reiss total flow to the old works, and Eogineering's Way alide valves the remainder to the new instalis claimed to have resulted in lation. Many of these valves pipeline space savings at the are automatically controlled new Cambridge sewage treat through a linked computer conment works designed by Lemon trol system, and are said to provide excellent sealing charac-Since the works opened in teristics with the cutting edge August 1978, there has been at the base of the valve plate teristics with the cutting edge

Any deposits collected on the -and allowance remains for valve alide or guides are automatically cleared during the closing process, and flush-out corners in the valve body that this debris ia flushed away by the increased

flow relocity through the valve. Wey alide valve utilises a transverse seal in place of a conventional stuffing box, providdirects the amount of effloent ing an efficient seal which can easily be repacked while the valve is in service and under

> Reiss Engineering, Dalston Stanmore, Middx.

### • DATA PROCESSING

## Pension fund work cut

computer system designed by United Pension Services (UPS) is to be marketed with the necessary Texas Instruments hardware by Geest Minicom-

The system is aimed at funds with memberships ranging from two or three thousand up to several hundred thousand where the current system is still manual or employs batch computing methods or is, in any event, in need of updating io view of the changing pension fund scene of receot years.

Considerable credence is lent to the system by the management services and consultancy experience of UPS, whose managiog director Ken Edis is himself an ex-pension fund manager.

Nn computer knowledge is needed by the user it is claimed. and he can be expected to take full advantage of the machine's customary keyboard/screen desk top unit, is told what to do from the screen, and uses specific function huttons for operations such as printing members' contribution records or benefit schedules.

machine is insensitive to the type of fund involved. An electronic schemes file replacea the trust deed and rules of the typical scheme so that any ni the parameters encountered can puter Systems, White House be selected; over 100 variable Chambers, Spalding, Lines scales of benefit cao be applied. PE11 2AL (0775 61111). Remainder of the database is Remainder of the database is the members' records file, fulfilling the role of contributions ledges and other manual

Special software does not have to be written for each scheme, allowing rapid take-up of the system by the oser.
Facilities include: daily record maintenance, dealing

with joiners, leavers and amendments as they arise; enquiries and calculations, allowing the user to bring up the data he oeeds and carry nut arithmetic; and the production of listings and reports at monthly or any

other desired frequency. A typical system for up to 5.000 members consists of the Texas Instruments 990 computer facilities with only a few hours with 128k bytes of memory, 10 familiarisation. He sits at the customaty keyboard/screen 150 cps printer, two visual dis-150 cps printer, two visual dis-play units and the software supplied on disc with associated operating system. The price of such a system, including installation and 20 man-days of support, is about £32,000.

## More small computers

INSTALLATIONS of This lists all small general purgeneral-purpose computers cost-ing less than £15,000 have leapt from 48,916 at the end of 1978 to 87.600 at the end of 1979, an increase of 78 per cent. The total value of these installations at end 1979 was £436m, an increase of 39 per cent over the year. While 24,300 of the

machines cost less than £1,000, therefore including hobbyist and domestic installations, the largest single segment is 35,692 systems costing between £5,000 and £10,000 in business and pro-

These figures are drawn from volume 3 of Pedder Associates'

pose computer models in use at the end of 1979, analysing them by manufacturer or supplier and average system value. The report covers 245 computer models, of which 174 are currently marketed, from 109 manufacturers or main suppliers. Manufacturer/supplier market shares are abown for each value bracket both by number and by ralue of installed systems.

Volume 3, General Purpose Systems costing less than £15,000 ia available from Pedder Associates, 199 Westminster Bridge Road, London SEI 7UT. (01-633 UK Computer Installation 0866.) It costs £800. Volume 4, Cenaus Series 1979-80—General Large General Purpose Systems. 0866.) It cosis £800. Volume 4, Purpose Systems under £15,000 will be available in June 1980, which has just been published, at the same price.

### **New Scicon service**

DEVELOPED BY the Computer Aided Design Centre for chemical engineers involved in process design and simulation a support service is available from Scicon Computer Services of Milioo Keynes.

This covers a number of

different systems for all process design aspects ranging from simple mass balances, through detailed process modelling, to capital cost estimation and economic evaluation.

Scicon offers the systems as complete service run on its Univac computers at Milton

The services are supported by an engineering team at Scicon backed up by the Computer Aided Design Centre in extension to other chemical engineering services already offered by Scicon for aspects

### **Production** venture

FORTRONIC AND national Computers (ICL) are to combine in a development and production venture whereby ICL will market in the UK and the Republic of Ireland the electronic products manufac-tured by Fortronic for a wide range of financial applications.

Through this, lCL will significantly increase its involvement in the manufacture of electronic products in Scotland, complementing the com-puter software development at its Dalkeith research ceotre while Fortronic will gain direct access to ICL's international marketing experience.

Fortronic's key development to date is its microprocessorbased transaction terminal system, originally designed by Fortronic in collaboration with the Clydesdale Bank, which has successfully implemented a major network of these systems in its branches throughout Scotland, By 1981, there will be about 360 branches linked in to the network, with over 1,500 terminals installed.

· By agreement between the Financial Times and the BBC. information from The Technica Page is available for use by the Corporation's External Services as source material for its nver seas broadcosts.

such as heat exchanger design, pipe atress analysis and physical properties.

Scicon at Brick Close, Kiln Farm, Milton Keynes MK11 3EJ, 0908 565656.

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in the Annual General Meeting of Shareholders held on 29th May, 1980 a cash dividend of USS 0.30 per ordinary share was declared payable as from 6th June, 1980 on the ordinary shares outstanding as of 6th June, 1980 against delivery of dividend coupon nr. 8 with:

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NOTICE OF SUPPLEMENTAL INDENTURE

### TEXAS INTERNATIONAL AIRLINES FINANCE N.V.

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NOTICE IS HEREBY GIVEN, pursuant to the provisions of the Indenture, dated as of August 15, NOTICE IS HEREBY GIVEN, pursuant to the provisions of the thoenture, dated as of August 15, 1978, under which the above Debentures were issued (the "Indenture"), that Texas International Airlines, Inc. (the "Guarantor") proposes to merge, on or about June 11, 1980, with TXA Corp., an indirect wholly-owned subsidiary, with the Guarantor as the surviving corporation. By reason of such merger, each share of Common Stock of the Guarantor shall become one share of the Common Stock of Texas Air Corp., and the Guarantor shall become a wholly-owned subsidiary of Texas Air

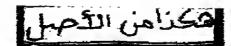
Corp.

Texas International Airlines Finance N.V., Texas International Airlines, Inc., Texas Air Corp. and
Citibank, N.A., as Trustee, have entered into and executed a First Supplemental Indenture, dated as of May 23, 1980, which amends the terms of the Indenture by providing, among other things, that The above Debentures are convertible into sbares of Common Stock of Texas Air Corp. instead of shares of Common Stock of Texas International Airlines, Inc.

Terms Air Corp, will reserve shares of its Common Stock for conversion of outstanding Debentures, register such shares with or obtain necessary approval of such shares from Dependences, register such solates with or totally decessary approval of such solates from appropriate government authorities, list such shares on the appropriate security exchanges, and sell shares to Texas International Airlines Finance N.V. and/or Texas International Airlines, Inc. so that conversions of the above Debentures may be effected. Except as expressly supplemented, all the terms, provisions and conditions of the Indenture remain full force and effect.

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DIANE STEWARD

# The helmsman waits for a fair wind

Geoffrey Owen on how Aurora, after a period of rapid growth, must now consolidate as it ponders its next course

has grown at breakneck speed He is prepared to wait until and is still digesting two large the right price is offered and acquisitions, loses its chairman in the meantime continue imand chief architect, there is proving the profitability of the bound to be anxiety among investors and employees. That is why Robert Atkinson, who takes over as chairman of Shipbuilders British Suppositions on July 1, is continuing as parttime chairman of Aurora Hold-Sheffield-hased company which he has transformed over the past seven

years into

engineering business. In special steels Aurora is in without proprietary products of the throes of a rationalisation their own. Watt. who had been programme which will take brought in by Atkinson from another year to complete. bave severed his links with the director, installed a system of company at this stage would financial controls. The loss-bave been as unwelcome to the makers were closed nown or shareholders as it was to sold off and the management of Atkinson himself. Last year pre-tax profits fell for the first time aince be took over. There are sceptics who say that Aurora has tried to grow too fast.

a substantial

Although Atkinson will stay at the helm, the key question whether the management team under him is strong enough to see the company through what he regards as a period of consolidation and to establish Aurora as a soundly based engineering and steelmaking group with a coherent strategy for expansion. This baa to he done, moreover, at a time when the financial and competitive pressures on the engineering industry are likely

### **Acquisitions**

Since 1972 when Aikinson first hecame involved with Aurora—he was appointed porting 75 pe reent of its pro-chairman io 1973—a series of duction. "The product was acquisitions has pushed sales thre." says Watt, "and we had from £8m to over £150m and the to put life into it. As in so number of employees from 1,500 to 8,500. Pre-tax profits went from £228,000 to £4.3m in 1978, dropping back to £3.8m in 1979, largely because of high interest payments and national strikes. The two most recent acquisitions—the steelmakers muel Oshorn and Edgar Allen Balfour, bought in 1978 and 1979—not only imposed a financial hurden, but took Aurora into a bigger league and into a fiercely competitive international business,

With interest rates at their oresent level, there is an incentive to reduce gearing through the sale of Surplus land and bulldings are being disposed of.
The divestment of some perlpheral husinesses is being considered; one or two small sub-

WHEN A COMPANY which no pressure to make quick sales. subsidiaries concerned

> Up to now Atkinson, who is 64. and his 40-year-old managing director. Arthur Watt, have shown remarkable skill in unlocking the potential of rundown companies-starting with Aurora itself in 1972-73. Then Aurora Gear and called Eogineering, it was a jumble of 35 separate subsidiaries, mostly doing sub-contract work, Sheffield Twist Drill as finance the viable units was strengthened.

Since then every acquired company has been subjected to a ruthless attack on overheads and, aurolus assets the elimination of extravagaoce at all levels (from prawn cocktails and coq au rin in the directors' dining rooms to over-manning on the shopfloor) and the removal of incompetent managers. It is an exacting style of management to which Atkinson, a war-time naval commander, and Watt, a bave both contributed. But it is more than simply

cutting out fat. When they took over Andertoo Forco in 1973. it was clear that the Forco side of the husioess, making laundry equipment, was not viable. But Anderton had an outstanding product; it is one of the three leading world suppliers of circlips and retaining rings, exmuch of engioeering and steel, the marketing strategy was wrong,

Another example was G. L. Willan, a Rotherham metals husiness bought from the receiver in 1976, purchase price was £500,000 and a further £200,000 has been invested in it; last year Willan made pre-tax protfis of £750,000. As a private company, Willan heo a pioneer in the vacuum melting of high-alloy steels for zircraft engines and other demanding applications. Again the products and the technology were sound; what Aurora provided was internal discipline and a new emphasis on aggressive marketing.

On a larger scale the same treatment has been applied to the two special steels com-



Architects of a fast-expanding engineering group; Mr. Robert Atkinson (.eft) and Mr. Arthur Watt, chailman and managing director of Aurora Holdings.

technically, hut lacked what Atkinson "commercial calls Aurora imposed acumen. tighter disciplines and stronger pressure to improve perfor-mance. For example to Osborn-Mushet Tools, a subaldiary making engineers' cutting tools, the lahour force was cut hack, the manager was replaced, delivery times of standard products were improved hy cutting back on "specials" and a new bonua scheme was installed for salesmen. Last year the company'a profits almost doubled compared with 1978.

### Turnround

similar turnround was achieved at one of the EAB subsidiaries, Edgar Allen Foundry. An old-established husiness making manganese and alloy steels for heavy duty applications, it was over-staffed and lacked a clear selling policy. The scrap rate was high, deliveries poor: it was losing flm a year. The new management drastically reduced the level of overbeads. Quality coo-trol was improved. Knight Wegenstein, a firm of foundry consultants, were brought in to advise on re-equipment and most of their recommendations were accepted. The husiness is now profitable. The special steels husiness

Itself is heavier in several senses than most of Aurora's activities; it takes longer to change direction. Part of the logic of buying Edgar Allen Balfour so soon after Samuel Osborn was to secure economies of scale through rationalisation.

equipment including a GFM forging machine, will supply hillets to the Osborn rolling and finishing works at Ecclesfield, near Sheffield; the Osborn realization and finishing works at Ecclesfield, near Sheffield; the Osborn realization when the Ecclesiant in Ecclesiant steel-making plant in Bradford will cease operations.

Just as important as physical rationalisation is the drive for more sales. Watt believes that some British special steels companies, unlike their Continental rivals, have been too inclined to watch their markets disappear and adjust their capacity downwards to match their reduced sales. "You don't wio husiness by retrenching." he says. Again it is the marketing strategy which has been lacking. A big effort is oow under way to develop more

overseas husiness, especially in the aerospace industry which Watt regards as one of the most promising long-term market opportunities-and not just for he steel companies. Aurora's priorities over the next year or so are to reduce ahility of the recent acquisilts gearing, boost the profit-

tions and identify more clearly to see the overseas companies those sectors of the husiness account for 20 per cent of where new investment is needed. With a turnover now to be making pre-tax profits in account for more than about 20 the £8m-£10m range, compared per cent of capital amount the £3.8m accionates running at an annual rate of

Atkinson and Watt believe that the management team will be able to deal with the immediate problems and keep Aurora moving forward. Toe structure consists of a very small head office at Ecclesfield and seven operating divisions sidiarles have already been panles, Samuel Osborn and The plan is that EAB's primary which report direct to Arthur sold. But Atkinson feels under Edgar Allen Balfonr (EAB), reduction works at Opensbaw, Watt. The average age of the

Oshorn had always been strong Manchester, which has modern divisional chief executives is 45; they are a mixture of experience from acquired companies and new blood from ootside; the new head of engineering, for instance, was recently hired from McKinsey,

Each chief executive has a

financial controller to help in

supervising the subsidiary com-

After July 1, when Atkinson gives up executive duties, Watt will have reporting to him the fuoctional directors at head office (including finance, per sonnel and corporate planning) as well as the divisional chief executives. Even with part time support from Atkinson it will be a considerable burden New outside directors are to he appointed to provide addi-tional advice and experience.

In financial terms the aim is to get hack over the next two years to a return on capital of 20 per cent and earnings per share of 25p, both of which were achieved in 1976. But Atkinson also wants to alter the balance of the husiness. He would like account for 20 per cent of capital employed, compared with only 7 per cent in 1979. special steels, 32 per cent in 1979, has to come down.

In seeking both a better mix of activities and cootinued growth. Aurora plans to more by acquisition and internal development into higher technology businesses where a substantial market share can be ohtalaed. The emphasis will be on end-product companies in light or medium engineering.

All this does not have to he done in a great hurry. What has been built since 1972 is an enterprise which has the potential to become one of Britain's lending engineering companies. The task now is to make the most of the opportunities which have been created.



THE GOVERNMENT is in the process of rationalising-"dismantling," is how critics describe it—the Social Security critics system. Among the major changes proposed in a green paper last month was the taxation of short-term henefits, such as sickness and unemployment

Employers would be responsible for paying the first eight weeks' sickness benefits (less the first three days), thus put-ing sick pay into the employee benefit category. The proposals have been

criticised in varying degrees, by employers, trade unions, life companies and the medical pro-fession; the Department of Health and Social Security will be in for an interesting time over the next few mooths conidering all the various views. The crux of the proposals is that an employer will be legally bound to pay a alck employee a flat-rate weekly henefit for up to eight weeks. The level of

benefit will he related to the average sickness payment made under the social security system — at present it would be £30 a week. It would be taxed under normal PAYE arrangements. In return, employers would

get a reduction in their National Insurance contribution rate so that overall the National Insurance fund breaks even on the proposals — a reduction of a percentage point is envisaged.

This proposal involves several

radical departures from the present system. Benefits will no longer be related to family size. Thus an employee with a large family would receive far less than he does at present. For example, a married mao with four children under 11 at prefalls sick. Under the new proposals he would get £30.

roused the fury of the TUC which states, with some justification, that the benefits should be based on need. But if no allowance is made for family size in an employee's earnings when fit, why should it he so when he is sick? It is an interesting point for dehate. As far as employers are concerned, the proposed change means two things. In industries

The cost of sickness

BY ERIC SHORT

with a high rate of sickness. they would have to poy out more in benefits; and this would not be fully offset by the reduction in national insurance contributions. It would alsn involve considerable administrative changes. The CBI is unhappy with these proposals on

The Government accepts the point about industries with a high sickness rate, and suggests that ft could be mitigated through some form of insurance. But the insurance companies are not certain that this would be the case, since an employer with a had sickness record would be charged higher premiums.

The Government's overall case for change rests on a survey made by the DHSS in 1975 which ahowed that 75 per cent employees received some level of aick pay from their em-ployers. in addition to social security payments. It therefore contended that an -administrative system in most companies is already established. But these same figures also throw doubt on this argument.

The survey showed that around 2m employees were likely to be paid more when sick than healthy because their em-ployers still paid their full salary on top of social security payments. The employers of a further 8m people made up the gross earnings of those on sick leave, but since social accurity benefits are tax-free, this still provides a higher net pay. Surely this indicates a lack control on the part of em-

Under the Green Paper pro-posals, doctors would have to supply medical certificates to employers before employees received sickness benefit. The Government pointed out that in most cases of sickness under the This aspect of the scheme has present scheme, the sick employe already sends the certifi-cate to his employer before submitting it to the local DHSS

> By the same token, the Government argues that most employers operating sick pay schemes already ask to see certificates. It also maintains that cmployees appear to have no objections to their employers knowing the cause of their sick-

But the British Medical Assoclation has condemned the proposals as creating a potential breach of confidence between the doctor and his patient, in that confidential medical information might have to be revealed to the employer with nut the patient's permission being ahtalned. The association is also unhappy with other

aspects of the proposals.

The possible breach of i breach of me cal ethics could prove the pro-posals' major stumbling block; without a medical certificate showing full details of what wrong, many empinyers are un likely to pay the benefit. Ye nthers might be satisfied just with a note from the employee's doctor stating simply that he is not fit for work. This point ohviously needs further investi-

Leaving aside the medical aspects of this issue, I feel that short-term benefits of any sort should be taxed, so that the scheme has a lot to recommen

As far as trade unions are concerned, the scheme would give them the opportunity to hargain for adequate sickme benefits on top of those that would have to be paid legally. This aspect of employee benefits has tended to be neglected hy unions in their negotiations over pay and conditions. There would now be the incentive to ensure a decent paymentlong-term as well as short-term

for sick members. As far as employers are concerned, the new scheme would oa an incentive to make their administrative systems more efficient. Many employers must be paying over-generous benefits simply because they have not sidered it worthwhile, to integrate their sick payments with those of the social security system. It is surely a waste of resources to pay a man more when he is sick than when he

is healths.
All interested persons should submit their views to the DHSS by the end of September. Details are given in the Green Paper. "Incomes during Initial Sickness: A New Strategy Cmnd 7864 SO price £2.

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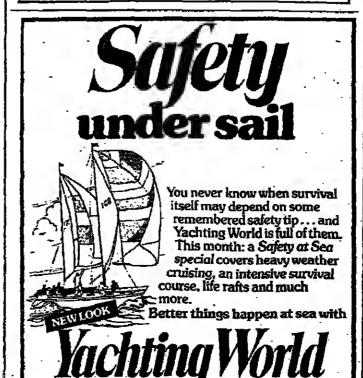
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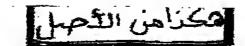
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Friday May 30 1980

# Singapore Banking and Finance

# Thriving "political, economic and sec-graphic absurdity." But he and his colleagues mapped out the island's future position in world finance

By Chris Sherwell

AFTER MORE than a decade of determined and calculated effort, Singapore can rightfully daim to bave established itself is one of the world's top international financial centres. This tiny tropical island— "227 aq miles at low tide," as the author Paul Theroux has rather unkindly put it-is now used by Governments to defend their currencies, by multi-national corporations as a base from which to fuel their growth and by international banks to multiply their earnings.

In Singapore, potential borrowers, both foreign and domesfic, can raise medium and long erm funds through syndicated conventional loans and through bond issues. They can also receive a broad range of financial services through a wide variety of financial institutions. Singapore also constitutes, along with Hong Kong, a vital link in the global currency chain that extends from Tokyo to European centres like Frankfurt, Luxembourg and London and on to New York and San Francisca.

None of this expansion could have been predicted 15 years ago, when Singapore found itself alone in an uncertain world after the ghastly failure of the experiment with bour. Even Mr. Lee Kuan Yew, the country's Prime Minister since 1959, had described an emergence of the independent Singapore as a currency market.

mapped out the island's future economic development with preclsion and implemented it with gusto. The emphasis was on manufacturing and services and the development of skills, buman resources being the only ones the island possessed. They welcomedo foreign investment and foreign ideas, and the proposal to start an Asian dollar market, which came from an American bank, was accepted American bank, was accepted with alacrity.

Now, from a trifling \$30m in 1968, the Asian dollar market has grown to \$42bn. Daily turnover on Singapore's foreign exchange market ia \$4.7bn. The number of banks poerating in the market in Singapore topped 100 last year and is still rising. And from being initially a net lender of funds to Europe, the market quickly established itself aa a net borrower, a trend that persists to the present day.

Anyone wanting to see the

consequences of all this bas only to look at Singapore's remarkable skyline, and at the yonthfulness of the people working underneath it the gnomes of this "Zurich of the East" are more like elves. Singapore is a window on a region where 5 per cent annual growth is slow. Malaysia alone is the world's largest producer of five major commodities-and. like Indonesia, bas oil as well. Singapore itself is Asia's largest refinery centre, another As with the \$1,000bn Euro-

dollar market, external factors have undoubtedly fed the Asian dollar market's phenomeral Vietnam war, the quantum leaps in oil prices, the balance of payments deficits of oil exporting countries and the depreciation of the dollar. There has also been the continuing rise in the volume of world trade and especially of this distinction has trade involving Singapore's relaxed somewhat in people booming South East Asian neighbours. And there has been the rapid evolution of As the Asian dollar communications technology has developed and div communications technology, which has facilitated the emergence of the 24-hour global technology.

With precise planning and enthusiastic application, Singapore has, in the space of 15 years, made itself a top international centre of business and finance It has created a fiscal climate which encourages foreign banks to operate there and provides a literate and numerate English-speaking workforce.

But Singapore's own strategic position bas also undoubtedly helped, as it has for the past claimed the island, its time zone alone places it perfectly between Japan, the Middle East and Europe. Singapore has further encouraged the growth by its own actions. Had It not done so, Hong Kong might have assumed an even more important role than the one it enjoys now, and Singa-pore might never have secured the valuable balance of payments and jobs benefits it has since received.

### Communications

In the first place, Singapore has created a working infrastructure, including reliable telex and telephone communications and plentiful air connec-tions. It has also produced a literate and numerate Englishapeaking population in a highly ordered environment which is free of corruption, conducive to entrepreneurship and good for business. At the same time it has operated an open-door policy for foreigners, especially those who have skills to pass

More Importantly, Singapore has offered clear fiscal incentives to banks to set up business There has been the on the Island. The authorities war, the ouantum have progressively embellished these down the years while at the same time preserving a distinction between foreign or local banks already established in Singapore and newer "offshore" banks, Even this distinction has been years and offshore banks can do some domestic husiness.

As the Asian dollar market has developed and diversified, the Asian Currency Units an arranging centre for it remains vague.

(ACUs), in the separate syndicated loans as well as a Part of the plan would be accounting units of the banks in funding centre. Bankers say it for international companies to

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the market are known, bave lags behind Hong Kong, both themselves tended to specialise for Hong Kong tax reasons and

Syndicated lending Domestic banks

Dellar bonds and certificates of deposit

particular activities and

acquired reputations in their chosen fields. This natural

diversification bas been helped

the Monetary Authority of Singapore, the equivalent of the

country's central bank, and the

banks themselves. Each puts up

ideas and proposals to the other, contributing to a constant evolution that is Singapore's

trade-mark in many fields of its

In 1971 the first Asian

dollar bond was successfully floated with the belp of the

Singapore Government. The

market then almost spluttered

to a halt, and after picking up

in 1976 and 1977 suffered again

as investors showed little faith

in long-term instruments. The

market in certificates of deposit (CDs) had a sorry start in 1970

and only resurfaced in 1978

because Japanese bank regula-

tions made them convenient.

This market in Singapore has nevertheless been far more

The anthorities now also want Singapore established as

development.

successful.

Foreign exchange Gold futures Hong Kong ASEAN banking

back-up servicea in Singapore. In response, and against local lawyers' wiebes, Singapore is by a remarkable cross- now allowing foreign lawyera fertilisation which is part of to practiae in the country to the established rapport between meet the bankers' complaints. The launching of the Gold Exchange of Singapore in 1978, another move to widen Singapore's scope as a financial centre, is counted as a modest success. It emerged andented from the brisk dealing that accompanied last year's surge in the gold price, and the authorities are now considering the development of an enlarged

because of inadequate legal

### Cornerstone

modities.

The cornerstone of the next phase in Singapore's evolution, however, is its development as an "international funds management centre." The Government's commitment to this was confirmed in the budget speech in March, althoug the idea is officially acknowledged to be merely a concept" at moment and bankers agree that remains vague.

exchange to handle other com-

list and trade their stocks and bonds in Singapore and for institutional investors, bor-rowers and dealers to establish a presence in order to operate both in Singapore and the Far East. In these respects, Singapore is again far behind

developments in Hong Kong. But Mr. Hon Sui Sen. Sing-apore's Finance Minister, said in an interview with the Financial Times that he was prepared to consider tax changes to provide the necessary incentives.

Domestic changes will also be made in order develop this "financial supermarket." Singapore's local money markets are more sophisticated than its capital markets, largely because the Central Provident Fund (CPF) siphons off more than a third of everyone's wages and salaries as "enforced" savings for their future. Now a Government committee is considering bow individuals might also bave a say in bow these CPF funds are invested, perbaps by farm-lng some of thme out for private

management Another unrelated domestic institutional change also seems certain in Singapore. The Monetary Authority and the Board of Commissioners of Currency, which have hitherto shared the functions of a central bank, are to be merged. An experienced adiminstrator, Mr. Herman Hochstadt, took up position earlier this month to over-

see the change. As he has had no experience of hanking and came in at the number two position under the Monetary Authority's wellknown managing director, Mr. Michael Wong Pakshong, the appointment bas sent a ripple through the banking community. Most bankers accept that be could not bave come in lower. Part of the plan would be that his organisational and or international companies to managerial skills are needed and

that the functional role of the new institution will be no dif-ferent. But equally, not many doubt that he will become a force to be reckened with in Singapore banking.

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One important change of recent years which has posed numerous problems for the Monetary Authority has been the lifting of all foreign exchange controls in June 1978. Singaporeans saw an oppor-tunity in the fact that ACUs are not subject to the reserve requirements which restrain their domestic counterparts lending of Singapore dollars. With bank encouragement they indulged in currency awaps that gave both parties a better return but undermined the Authority's control of the money supply. Saying the swaps were against the apirit of the Banking Act, the Authority bas tried most of the known techniques of moral suasion to curb them. Most banks have taken the hint. but the swaps have not ended

### Stability

The Singapore dollar has nevertheless broadly beld its strength against the currencies of Singapore's major trading exchange controls. This stability of the currency, along with size but nuknown composition of the country's reserves (\$121bn at the end of 1979) and the strength of the economy has helped fuel suggestions in the past few months that the Singapore dollar may take on a wider international role.

In his interview, Mr. Hon stressed that Singapore dld not wish to see any trend towards tbe use of the Singapore dollar as a reserve currency. But he also sai dthe currency had had traditional role in regional trade involving Malaysia, cow Narodby Bank, Expatriates Indonesia and Thailand, and are concerned about rising rents that this could and should and other costs, but draw comcontinue. He added, however, fort from favourable comparithat he disliked the flotation of sona with Hong Kong. loans in Singapore dollars.

**FINANCIAL** INSTITUTIONS IN SINGAPORE AS AT

END 1979	
Institutions	Numbe
Commercial Banks	89
Local*	13
Foreign	76
Full Banks	24
Restricted Banks	13
Offsbore Banks	39
Representative Officest	
Merchant Banks	
Asian Corrency Units .	
Discount Houses International Money	
Brokers	7
Insurance Companies .	70
Finance Companies	34
* 433 3 1 2 - 4	II bamba

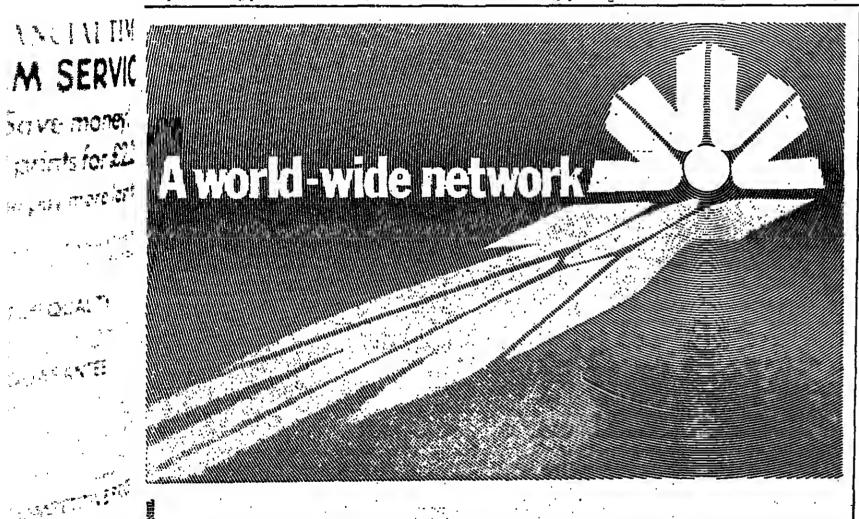
All local banks are full banks. Due to joint offices, the number of foreign banks represented could be higher.

success. Having attained living standards that put them near developed-country atatus, Singaporeans are now confidently planning for present-day Japanese standards by 1990. With population growth checked at 1 per cent a year and a full-employment economy showing an underlying growth rate of 8 per cent a year, the Government wants a "secind industrial revolution" with greater emphasis on high technology, high value-added manufacturing as well as more high-level service idustries.

Bankers and businessmer whether foreign or local, barely worry that Singapore might be "overbanked," and perceive no long shadow from the ald troubles of Haw Par or the Mos-

Almost everyone is bullish In Singapore it is difficult about the island's future. They to escape the conclusion that point to the neighbouring Asian problems like these, serious as they are, are problems of prosperity largely depends.

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# Indisputable centre of the Asian dollar market

style that has become typical of Singapore, the authorities have since encouraged the marquickly responded to a good ket's growth have multiplied idea, and within seven months down the years. Apart from the U.S. band had set up the exemption from 40 per cent first-ever Asian Currency Unit witholding tax on interest on

In its first year the Asian dollar market amounted to a mere \$30m. By last month the total assets and liabilities of some 110 of these separate accounting units handling foreign currencies had soared to \$42bn. Singapore is, in short, firmly established as the indisputable centre of the Asian dollar market.

Some of the men involved in that early decision are still at the Bank of America in Singapore. Arie Heerding, who heads its ACU, recalls the environment of the time: "Singapore with ACUs and boldings of and Malaysia had separated Asian dollar bonds. politically but remained dependent economically. Confronta-

### Singapore had begun its effort to develop itself as an international financial centre

tion with Indonesia was only recently over. Britain's military presence in the region was going to come to an end and the dockyards were going to run The Jurong industrial estate was only in its early gala botel reception where the stages, and the unemployment staff were dressed as stages, and the unemployment that threatened was undesirable gendarmes. for political and economic

physically too far away for viduals and banks in the Chinese businessmen in Taiwan, Philippines, Indonesia, Hong Hong Kong and Singapore, the Kong and Talwan. They put bank saw that a similar market the money on deposit in the might work in Asia. Shrewdly, Eurodollar market while the they put the idea up to both the word went out that a currency Singapore and Hong Kong pool of mainly U.S. dolars was authorities. In a crucial decision. Hong Kong said it would not

The fiscal incentives which deposits, these incentives now

• The extension of the con-ACUs, including interest income derived from loans to non-bank non-resident customers and dividends distributed from their offshore profits.

• The exemption from tax, on a case-by-case basis of interest on Asian dollar honds received by noo-residents.

• The aholition of stamp duly on ACUs offshore loan agreements and on Asian dollar hond certificates.

Combined with the natural

growth of the global offshore market the overal effect of these incentives has been a rapid swelling in the number of banks in Singapore—and in the number of extravagant lannchings. Bankers remember vividly the day in 1978 when Banco de Brasil opened, baving flown in its own Boeing complete with steel band and samba dancers, They also recall Banque Nationale de Paris celebrating its new merchant bank link with a local bank early this year by offering French wines at a

In the early days, the first ACUs found that their main With the Eurodollar market sources of deposits were indiwaiting to be tapped in Asia and lending officers got to work. market re'sects the region's Within three years more loan peculiar conditions.

80 per cent of ACU funds are individuals also play a role.

used in the region. The Asian currency market remains denominated mostly in dollars, although the mark and yen are increasingly important. Though the market is still small in relation to the \$1,000bn cessionary tax rate of 10 per Eurodollar market, its anoual cent to all offshore income of rate of growth has been con-ACUs, including interest income sistently higher than that of the Euromarket. In 1969, when the base was admittedly small, growth was almost 300 per cent; it was above 200 per cent in 1970 and more than doubled

> The market probably meets a demand from smaller enterprises'

then anunal growth has averaged 36 per cent and this year the Monetary Authority expects another 20 per cent. Between 1968 and 1978 the Euro-currency market's growth averaged about 30 per cent.

The vast bulk of transactions in the Asian dollar market are interbank rather than with nonhank customers, but the proportions are slightly smaller than in the Euromarkets. At the end of 1979, for example, interbank deposits made up 77 per cent of the total sources of funds for the Asian dollar market, and interbank lending amounted to 73 per cent of total assets. In the Euromarkets the equivalent figures are said to be around

81 per cent and 77 per cent. The predominance of interbank activity generally in these global markets reflects the way they work as they match demand and supply of excess funds around the world. The slight difference in the Asian Broadly

EXACTLY 12 years ago, in May indicated that its tax would be than the Asian dollar market Asia have been growing down 1968, a small group of senior lifted and did so in time for the could fund and the region the years, coming from finanmen at the Singapore office of first ACU to be set up. Singa- became a net taker of funds cial institutions like central tha Bank of America made bispore had begun its effort to from the Eurodollar market. In banks, development banks and the sign and the s come from Asia, while about corporations. Wealthy private

> On the lending side, some 80 per cent of which is short term (one to six months), loans to non-bank customers have grown in absolute terms from a mere \$14m in 1970 to a whopping 38.5bn last year. Annual growth which has now settled down to an average 25 per cent since 1975, exceeded 1,200 per cent in 1970 and 1971. The big borrowers in the

> Singapore market are national and multinational corporations, central banks and Governments. Officially it is estimated that about a third of ACU loans to non-bank customers goes to manufacturing, chemicals, petroleum, base metals, textiles and transport equipment. About a quarter goes to non-bank financial institutions. A aubstantial hut unknown proportion of the rest is presumed to be balance of paymenis support.

> ACUs appear to keep their loans between about \$250,000 and about \$1m. One British bank with a long history of dealing in the East says it considers syndication above \$10m. Loans smaller than \$250,000 seem to he possible, and the market probably meets a demand from smaller enterprises which can't tap the Euromarket because of their size. But at this level much depends on the relationbetween bank and

> The big business is in syndicated lending, involving figures up to \$500m for large developprojects requiring medium-term finance of 5-10 years or even more. A substantial proportion of total non-hank lending by ACUs consists of sbares in loans consortia, a trend no doubt helped by the fact that it has been a borrower's market.

The authorities are now anxious to encourage the establishment of Singapore as an arranging and booking centre for syndicated loans. At the remove its withholding tax on Within three years more loan peculiar conditions. Broadly for syndicated loans. At the interest on deposits, Singapore business had been drummed up speaking, non-bank deposits in moment it is principally a fundACU ASSETS AND LIABILITIES

			Assets				—Liadilities	
End of period	No. of ACUS	Loans to non-banks	Inter-bank funds	Other	Total assets/Habilities	Deposits of non-banks	Inter-bank deposits	Other
1968	1	1.4	29.0	0.3	30.5	17.8	12.6	0.1
1969	11	0.9	120.5	1.6	123.0	97.9	23.7	1.4
1970	16	13.9	370.2	5.7	389.8	243.7	141.0	5.1
1971	21	188.8	850.8	23.2	1,062.8	237.9	811.2	13.7
1972	· 24	600.9	2,331.1	44.1	2,976.1	398.7	2,550.1	27.3
1973	46	1.226.1	4,950.1	101.0	6,277,2	912.8	5,249.3	115.1
1974	56	2,697.7	7.459.7	199.9	10,357.3	1,614.2	8,531.4	311.7
1975	66	3,472,5	8,929.4	195.5	12,597.4	2,067.7	10,294.8	225.4
1976	69	4,386.6	12,613.1	354.4	17,354.1		15,067.2	326.6
1977	78	5,281.2	15.253.5	484.6	21.018.3	2,254.6	18,350.3	413.4
1978	85	6,376.8	19.829.7	833.6	27,040.1	3,600.0	21,987.2	1,452.9
1979	101	8,484.0	28,093.7	1,585.0	38,162.7	5,771.4	29,424.9	2,966.4

Source: Monetary Authority of Singapore.

ing centre, and lags significantly behind Hong Kong as an arranging centre. This makes the authorities quite sensitive, even though it is principally for Hong Kong tax reasons. The importance of the tax factor in such matters is illustrated hy the fact that German and Canadian banks book their loans in Singapore rather than Hong Kong because of advan-tageous provisions in these countries double taxation

treaties with Singapore.

The pre-eminence of Hong Kong in this respect, however, is also said by Singapore bankers to stem from inadequate back-up services to handle complicated details of oan documentation. In a controversial move which demonstrates just how responsive the Singapore authorities can be to complaints, Attorney-General has agreed to allow lawyers from the British firm of Freshfields to start up business in Singapore. Others who petition may be allowed to do the same.

None of this may deprive Hong Kong of syndicated loan business, even if it irritates local lawyers in Singapore. This is because the market appears to be growing well enough to provide business for everybody. Certainly Singapore bankers are more optimistic now that maturities on synudicated loans appear to be falling back.

Singapore has also been trying hard to earn a reputation as a acurce of capital funds by encouraging the Asian dollar bond market. An Asian dollar bond is one managed by an Asian institution and listed on the Singapore Stock Exchange. The first issue, in December. 1971, was only for \$10m using the guinea-pig of the state-owned Development Bank of Singapore with the Government

standing behind it. By last month there bad been 56 issues, many of them jointly

In this increasingly banking environment, newcomers are facing tough competition'

floated in Europe, and the total amount raised was over \$1.7bn, most of it in dollars. Just under balf of the floatations have been fixed rate issues, over 40 per cent have ben floating rate and the rest convertibles; the trend in more recent years has been towards the issue of floating rate

Since being launched, the Asian dollar bond market, like its counterparts elsewhere, bas

almost stalled (in 1974) and business available in Singapose then picked up, only to face more problems in the past couple of . years as .investors bave showed little faith in longterm instruments. secondary market in Singapore is officially viewed as unsatis-factory, and this has not belped.

market also undermined the attempt by a bank in 1970 to issue a fixed-rate certificate of deposit (CD) in Singapore. But since 1978, and thanks to Japanese regulations which require Japanese banks broadly to match the maturities of their assets and liabilities, floatingrate CDs in particular have caught on, and Singapore has become the most important issuing centre for them in the

world outside London. This position is sustained by a reasonably lively secondary market, although complaints about this also persist. The total amount outstanding is \$1.9bn, of which more than \$1.2bn is in floating rate CDs.

In this increasingly diverse banking environment, newcomers are facing tough competition as those who bave been longer develop specialities and carve out a niche in the market. The oldest banks, which have a full bank-ing licence entitling them to maintain branches in Singapore, have obviously managed to corner, along with the local Chinese banks, much of the

Many newer arrivals have gone into syndicating landing whether booking and funding loans as in the case of bank like Dresdner or passing them, Scotia, or simply funding them, others. The like Dresdner or Bank of Nova as with many others. The Japanese banks regularly tar the market for funds through CDs, and the long list includes names like Bank of Tokyo, Mitsul, Missubishi, Fuji Bank

and Sumitomo.

Then there are the secondary market makers in Asian dollar bonds and CDs, the most important being DBS-Daiws. Merrill Lynch and Gredit Suisse particular has been at the fore front of the Singapore markets overall davelopment, having hand in the first Asian dollar bond issues and the first floating rate tranche CD. It also handled the first issue last yearof commercial paper in Singa pore, on behalf of the Japanese

company C. Itoh. For practically all ACUs. though the foreign exchange market is an important focus of because of the growth in the number of banks, as well as tho recent volatility of the exchanges everywhere with the fluctuations of the dollar, that turnover in Singapore has soared to \$4.7bm a day.

# **Business in Singapore?** Go in with our knowledge on your side.



# Authorities unhappy about syndicated lending

IF THERE is one respect in which Singapore is compared unfavourably with Hong Kong, it is in syndicated lending. The Singapore anthorities feel unbarries and sometime about Hong bappy and sensitive about Hong Kong's ascendancy, and wish to reverse the trend. But some bankers find the comparison boring and say that both centres can share in the growth in lending, assuming they are to move beyond their present comple-mentary roles in which Hong Kong is more an arranging and booking centre and Singapore predominantly a funding centre.

The more serious dehate mong bankers in Singapore, as elswhere in the world, is about present trends in terms for lending. When confronted they readily admit that they, as much as the hig borrowers they lend to, face problems because of continuing stagnation in the industrialised West, the latest round of oil price increases, continuing halance of payments deficits among non-oil developing countries and their ewn need

Certainly last year it became clear that too many lenders were

Singapore has usually got what it has set its heart on'

chasing too few borrowers. Maturities were lengthening, moving up to 12 or 15 years in notable cases, and spreads were narrowing to as low as 1 or 1 per cent above the Singapore Interbank Offered Rate (SIBOR). which is effectively the same as its London equivalent, LIBOR. At the same tima front-end also using the better conditions bad achieved a couple of years

With such terms, and the implications of the Iranian revolution sinking in, some banks began to realise that they were not able to provide adequately against future losses. The consensus was that circumstances would change, but they did not; newer and smaller banks were jumping in on the syndicated lending bandwagon even as the top banks resolved

to go no lower. Then some U.S. banks decided as a matter of policy to set ing upwards.

lower limits on allowed margins. Their share of syndicated lending in the region declined, remained although prominent in lead managing issues, baving allowed others to suffer the low lending margins while they picked np management fees. In respect they enjoyed an advantage in being well-known in certain areas, like the Philippines.

Similarly, Japanese banks withdrew under Ministry of Finance encouragement, having been aggressive lenders in 1978. The Japanese authorities, bay-ing encouraged capital outflows to help reduce pressure on the yen, imposed ceilings on bank participation in syndicated loans and ordered a greater matching of maturities in borrowing and lending. Like the U.S. move, this promised to improve conditions for lenders still in the market.

According to a . German banker, however, there was by this time a change in opinion regarding country risk. "Suddenly you couldn't sell first class mandates in Europe. People wer seeing refugees in Thailand on television and President Marcoa's problems with the Catholic Church and taking note. We and several others were stuck with a fairly substantial amount on one Philippines loan. So we had to be careful, otherwise we might finaly end up taking what we put in for initially-if we underwrote \$125m it might kill us on our internal ratios if we were stuck with \$70-\$100m."

At this point, be says, it was realised that it was no, longer possible to bave syndicates of 50-odd members. More and more, therefore, bankers turned to the so-called "club" to the so-called "club" mathod, in which the borrower fees were being competitively bad to put together the loan reduced to about \$\frac{2}{3}\$, of which from banks he knew and they perhaps a \$\frac{1}{2}\$ was having to be shared the fees. This was what passed on. Some borrowers were happened with a Bank of Thailand loan of \$200m over 10 to obtain finer terms than they years at a margin of } per cent, and it was reputedly a tough exercise about which oven now there are some misgivings.

Taking a longer perspactive, bowever, an American hanker said: "There is definitely a bigger move to quality. The firstclass borrowers will continue to do well. Malaysia and Australia are the Triple A countries, and they're simply biding their time before coming back in. There are variations among the countries of the region, but by com-parison with Europe's senility they are all youthful and mov-

borrowing and how much. With Hong Kong still the more important marketing point, most banks involved in syndication maintain offices there. But in tha view of one Singapore bankers, Hong Kong should be worried at Singapore's more recent efforts to redress the balance. "In the past," he

To be part of the action. banks need to know who is borrowing, and how much'

warns, 'Singapore has usually got what it has set its heart

clear why Hong Kong had managed to secure the lion's share of the market for arranging loans. Banks there could arrange tax-free international lending by funding loans through an overseas office in Singapore, London or New York. Profits were then deemed to bave arisen outside Hong Kong and became exempt from profits tax. In Singapore the rate remained 10 per cent.

Then in March, 1978, Hong Kong imposed a 17 per cent tax which seemed certain to help Singapore elevate itself from its less glamorous role of aimply funding loans booked in Hong Kong. According to some bankers in Singapore, a per-ceptible shift has since occurred. But equally the "divi-sion of labour" between the two centres undoubtedly persists and bookings through Hong Kong do not appear to have suffered seriously.

For Singapore, which has always set its face against creating a "tax haven," the Hong Kong move at least meant would come under less pressure to reduce its taxes. But the general importance of tax factor is shown by the double tax treaties between Germany and Canada on the one band, and Singapore on the

Under provisions in these treaties, German banks face no taxes beyond Singapore's 10 per cent (save on dividends), while Canadian merchant bank subsidiaries (but not branches)

To be part of the action, also pay only the single to per banks need to know who is cent tax. As a result, Comborrowing and how much, With merzbank, Deutsche Bank and Dresdner Bank all have mer chant banking arms booking and funding syndicated loans in Singapore; so do Bank of Montreal, Toronto Dominton Bank and Bank of Nova Scotia. Singapore's efforts to make

the city more attractive as in arranging centre have been reinforced by two moves this year. The first, unveiled in the March budget, was the abolition from April 1 of a 1 per cent ad valorem stamp duty of a maximum of \$\$500 on offshore loan agreements by ACUs Stamp duties on all other documents relating to ACU offshore loans were also lifted. Some bankers say a lower income tax for expatriates compared to Hong Kong would also help.

The other move relaxing restrictions on foreign lawyers practising in Singapore, has generated a heated controversy involving bankers, local lawyers and the Government. Bankers have long complained of the inadequate numbers of experienced lawyers in Singapore to handle the growth in binking business over the past few years. The critical area to have suffered has been syndicated lending.

Two U.S. law firms already handling offshire-related work in Singapore have to engage local lawyers where Singapore law a involved. But under the ner policy, lawyers from the British firm of Freshfields are being allowed to practice in Sings pore. Others who wish to ch the same must petition the authorities.

The local Law Sociaty is up on its reputation and the loss of lucrative custom, and says it is taking the matter to the Prime Minister. But the decisloo appears to be final, and in fact there is probably room for everybody if loan business picks up as hoped.

Certainly if Hong Kong is losing its competitive edge over Singopore and some banks are drifting west, it also seems true that the market can only get higger, suggesting a possible need for two centres Hone Kong for the large markets of China Taiwan and Korea Singauore for the ASEAN region, the sub-continont and Australia. It is a division some banks are already making in

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# Local banks set pace for rest of domestic market

WEE CHO YAW is one of comes to interoational banking recently scrapped an accord Singepore's richest men. Nobody in the form of loan syndication which effectively prevented much the 51-year-old chairman of the United Overseas Bank Group Is worth, but the bank's grade customer services in line 1979 annual report gives some indication of the extent of his wealth. The powerful Wee and his family own more than \$\$100m worth of the bank'a shares, 41m shares of the sub-idian China Valua Bank 75.

the New York brokerage house Drexel Burnhem Lambert fore-casts the bank's net income this year will advance 30 per cent to \$\$68m. recommending the sese hiht hseac htet ataSoetaoe cnunter as an advantageoua

Although to some extent typical of Singapore banks, which to outsidars resemble "family businesses" in terms of control and management style, UOB is often regarded as one of the most aggressive of the "big four" local banks which set the pace for the rest of the domestic market. The others are the Development Bank of Singapore, Oversea-Chinese Banking Corp and Overaeas Union Bank.

Apart from the 49 per cent Government-owned Development Bank, the ownership and control of the other two market leaders follows a similar pattarn to UOB.

Annual accounts show that filing an application with tha OCBC director Lee Seng directly or indiractly beld more pore to open an agency in LA than 25m of the bank's 190m issued shares at the end of last year while Overseas Union Bank chairman Lian Ying Chow and his family also owned nearly 25m shares in the bank as well as 7m in the subsidiary

Overseas Union Trust.

Privately, the Singapore authorities are concerned that a small group of businessmen ahould still bave such a strong hold orthogonessment institute. hold onthese powerful institutions which bave evolved in line with Singapore's development as a financial centre. Nobody denies the leaders of the major local banks are highly successful businessmen, but as one foreign industrialist operating here asked, "are they bankers? Critles feel the 13 local banks still lack expertise when

with marekt developments or

shares, 4 lin shares of the subaidiary Ching Khiaw Bank, 7m
of United Overseas Finance end
8m of United Overseas
Insurance.

The group last yeer managed
to achieve a 46.4 per cent jump
in net profit to \$\$52.5m and mating Singapore's system of clearing tha 75,000 to 95,000 cheques e day which still have to be cleared manually.

### U.S. branches

The leading banks have also moved overseas and are expected to open more branches in the U.S. to take advantage of the lucrative North American wholesale banking market. Development Bank of Singa-

United Overseas and Overseas Union Bank ere alreedy operating branchea in New York while UOB bas also obtained approval from the California State Banking Departmen to set up an agency in Loa Angeles this August. known as a foreign branch under Californian law.

It is interesting to note that International Bank of Singa-pore, in which each of tha big four has a 25 per caot ahare, has already taken the step of pore to open an agency in LA Authority of Singapore statisas well. This points to the fact ties, the local banks' share of

End of

1977

1978

1979

1978

them from setting up overseas branches in the same location as IBS to avoid duplication.
Ona of the chief reasons for this decision to move faster into the overseas market is mount-ing competition at home in nearly all areas of banking

"The growing number of financial institutiona (in Singapore) has led to atiff competition for available business, particularly for new deposits," Overseas Union Bank chairman Lien Ying Chow spells out in the annual report. His cry also echoes the views of most of the other local banks who fear erosion of their deposit base by atiff competition.

On the one hand local banks have benefited from strong regional loan demand and the expansion of Singapore'a role as an international financial centre, but on the other, they have suffered to some extent from the influx of foreign com-mercial banks into Singapore in the last decade. These now number 90 of which 24 have full branch licences.

The acramble for deposits is underscored by the fact that loans and advances have been growing at a faater rate than deposits. Loans of all banks in Singapore rose 36.9 per cent to a provisional S\$17.38bn in March over the same 1979 period, but total non-bank deposits rose at a rate of only 28 per cent to S\$13.23bn.

But even more larming is that according to Monetary that the four sharebolders have domestic banking business ex-

from 45.5 per cent two years

customer deposits from 34.4 per cent in 1977 and to 19.1 per cent from 20.6 per cent for loans and advances.

### BASIC STATISTICS (1979 figures)

Population. (Pop. growth 1.2 per cent p.a.) Unemployment rate 3.3 per cent institutions. GDP at current factor cost GNP at current market prices GNP per capita GNP per capita 8\$6,515 Gross national saving as percentage of GNP 25.8 per cent Index of industrial production (1974=100)

Rise in consumer price index Imports Exports
Balance of payments on —\$\$2,562 S\$38,334m Overall balance Total foreign reserves S\$12,562m (ratio to merchandise imports in montha Currency: £ = Singapore\$4.98

Source: Economic Survey of Singapore, Ministry of Trada and Industry, Singapore.

chiding the offshore operationa of Asian currency units has fallen to 46.1 per cent at the end of 1979 from 47.5 per cent the previous year and 48.6 per cent in 1977. At the same time their share of loans and advances including bills has of March 1980, the eight-year-declined to 36 per cent of the old State bank had a daposit total market at en d1979 from 38.1 per cent in 1977 while the savings accounts out of an ahare of total assets and liabilities has dropped to 41 per cent

So the pattern is clearly defined. The days of the loyal bank customer in the tradi-tional style of the overseas Chinese businessman appear to be over. One leading local banker described Singapore depositors as not only status conscions in terms of the institution they bank with but cluding nightime banking in possessing a high level of

away from the traditional local

Yet the presence of tha S\$18,141m foraign banks is not be only threat to the local banks. For some time they have been grow-

ing increasingly uneasy about the encroachment of the public sector luto financial activities which heve traditionally been within the purview of tha private sector.

This includes the aggressive marketing strategies of the Development Bank of Singapore. which although listed on the stock exchange, is 49 per cent owned by the Singapore Government DBS recently introduced a highly successful "autosave" or call deposit account facility which gives customers an interest rate return on funds held in their current account.

But more critical are tha activities of the State-run Post Office Saviogs Bank with its huge network of 102 outlets in key locations including shopping complexes and housing estates. The POSB has successfully pursued a policy of mobilising domestic savings and encouraging personal savings habits among Singaporeaus. The result has been that at the end base of S\$2.58bn and S\$1.77m estimated population of only

Significantly, but perhaps not surprisingly, total deposits with the POSB have here growing Aggregating domestic and the POSB have hern growing Asian currency business, local faster than those with the major banks suffered a fall in share commercial banks. Its deposit to 28.3 per cent of noo-bank based expanded 24 per cent during 1979 compared with a 9.9 per cent rise for OCBC and a 14.5 per cent increase to \$\$1.9bn for Oversaas Union

### Guidelines

One of the main attractions for depositing money with the POSB is that it offers tax free ioterest on deposits of up to S\$100,000 as well as longer service hours to customers inmajor locations. The bank is awareness of comparative inter-est rate levels and services both loans and denseits both loans and deposits because, as an independent statutory body, it does not come under the Banking Act, wblch exempts it from maintaining the 25 per cent reserve require-

licences such as Citibank were expected to introduce guide-ao successful in their marketing linas sometime this year which drive to altract depositors would encourage finance comwould encouraga finance com-panies to become more involved in other forms of financing lncluding industrial financing. This has alreedy been initiated to some extent by Hong Leong Finance, which in May this year announced it was participating in Singapore's small industries finance scheme

under the auspices of the Rapublic's Economic Development Board. Unfortunately, DBS and the Post Office Savings Benk are not the only public sector bodies causing alarm to competing private aector financial institu-tions. Singapore'a massive Central Provident Fund, a compulsory savinga institution for all workers, not only stiffes daposits with banks but also cramps any possible develop-ment of the country's domestic

capital market.
Contributions to the CPF, which siphons off around 30 per ceot of employees wages taking into account employer contributions, represented about 10 per cent of Gross Domestic Product et current prices or 34 per cent of gross domestic savings in 1979. A CPF spokesman said the fund held around S\$8.05bn of contributions at end March 1980 and financial analysts calculate the fund is growing at around S\$2bn a year.

More than 90 per cent of the

CPF funds are invested in Government securities which market sources say hinders

offered by different banks. This total finance company credit growth and development of an explains partly why some outstanding at end Merch 1980. active secondary bond market: foreign banks with full branch licences such as Citibank were expected to introduce guide. Commercial banks have to malntain a minimum noninterest besting reserve deposit of 6 per cent of their deposit liabilities with the MAS and

هكنامنالأجل

elao keep a liquidity ratio of at least 20 per cent.

The POSB has already ventured into bond Issue management and underwriting and has diversified its use of funds with a one third equity sbare in Banque Nationele de

Paris (South East Asia).

Explaining the rationale behind the mercbant bank joint venture, BNP'a head office chairmen Jacques Calvet said that BNP itself is represented or established in all five member countries of ASEAN. Singapore. the Philippines, T. Malaysia and Indonesie. Thailand,

### Well geared

As POSB garners more than 60 per cent of local savings deposits, BNP (SEA) is particularly well geared to assume a significant role in the domestic Singapore market aa well aa ln the region through its offshore or Asiao currency unit licence, M. Calvet said.

But even beyond this, local bankers fear the POSB might also introduce a form of current account facility et some stage The Securities Industry Council, which is chaired by the Monetary Authority of Singapore'a managing director, Michael Wong Pakishong, said recommendations

private sector on how to inter-nationalise and develop the capital market.

Apart from formulating proposals on how best to prevent the Central Provident Fund from inhibiting capital markat development, the Council is also believed to be pondering suggestiona covering the listing and trading of fixed income securi ties and equities of major inter national corporations, ways to encourage foreign borrowers, dealers and investment funds to establish a presence in Singa-pore, ways to upgrade tha professionalism and services of the

securities industry in general and the further development of the Asian dollar bond market. United Overseas Bank chief Weng recently told a financial seminar in Singapore that "the 1980s may well see some revision in the local tax laws of dealers, syndicate members and other participants in the capital

This could take the form o extending the concessionary 10 per cent tax rate on Asian Currency Unit operations to securities business in the local

capital market. Merchant bankers also believe a large pool of funds could be drawn on to enliven the local tiea waived the 40 per cent tax on Singapore residents' incoma derived from overseas invest-ments when repatriated into tha Republic.

Paul Lazard

# Thriving position

Malaysie. Indonesia and Thai- some of the sense of crisis that mettle. But it is recognised that land, along with more distant sustained its cohesion and discicountries like Australia, the pline in the early cause of sur-Philippines, Tiwan and Korea, all enjoy growth rates that suggest a near insulation from the industrialised West's sluggish-

Not all is rosy, bowever. The political stability of some of these countries appaars fundamentally fragile, even if it is not obvious that more democracy Hon's words, is the need to

ment with the MAS.

Hire purchase and housing loans accounted for around both per cent of the S\$1.96bn of singapore seems to be losing responsibility to test their singapore, one to the S\$1.96bn of singapore seems to be losing responsibility to test their singapore, one to the S\$1.96bn of singapore seems to be losing responsibility to test their singapore, one to the S\$1.96bn of singapore seems to be losing responsibility to test their singapore, one that singapore, one to the S\$1.96bn of singapore seems to be losing responsibility to test their singapore, one to the S\$1.96bn of singapore seems to be losing responsibility to test their singapore, one to the S\$1.96bn of singapore seems to be losing responsibility to test their singapore, one to the S\$1.96bn of singapore seems to be losing responsibility to test their singapore, one that singapore, one to the S\$1.96bn of singapore seems to be losing responsibility to test their singapore, one that singapore, one the singapore seems to be losing responsibility to test their singapore.

vival. Now there are worries great leadership, about overconfidence and "softness"—an erosion of the old 2.3m people, however, such spirit of ruggedness. In its problems loom less large. In place, though, is an etmosphere more relaxed than it was even message of an old joke still two years ago, and a more open tolerance of what were once out-

would make them more stable. Hon's words, is the need to would make them more stable. Ensure an orderly and satisfactors. The problems relating to Indotory succession. Though Mr. China, moreover, are far from Lee Kuan Yew is probably good ended. A single major upset in one part of the region could be disastrous.

On the domestic front, Singano of the members of the old sure of the most often of two prepares the way for a change of the country of the man of the country in the more are the way for a change of the country of the more of the more of the country of the count

this may still only ensure good For the mass of Singapore's 2.3m people, however, such deed, it is reckoned that the applies-namely, that all the average Singeporean wants is wheels." Confirmation of this is impossible. But stuck in tha midst of yet another traffic jam, ooe taxi-driver offered a new version of the old rule of democratic equality as be com-plained of the delay: "Traffic jam," he said, poting disdain-

# Asian dollar bond prices show signs of recovery

PERCENTAGE SHARE OF LOCAL BANK S

(excluding ACU operations)

Local Banks' Share of Domestic and ACU Business

46.1

34.4

33.1

DOMESTIC BANKING BUSINESS .

Deposits of non-Loans & advances Total bank customers incinding bills assets/Habilities

20.6

illustrate so well Singepore's the rest convertibles.

"little brother" relationship with its bigger European counterpart than the markets in rate, meaning that interast is Asian dollar securities - Asian dollar bonds and CDs (certifi-cates of deposit). Indeed, it is no real surprise to discover that the Asian dollar bond market has been rather a disappointmeor and CDs a broad success, even if peculiar local factors bave also been responsible.

This is not to say that tha Asian dollar bond market hes been a disaster, although some bankers in Singapore un-doubtedly believe this to be so. Market conditions — be it infla-tion, the depreciation of the dollar or rising interest rates have in recent time discouraged interest in longer-term invest-ment and large paper-losses hava been sustained by bond-holders. But over the nina years since the first Asian bond was issued, there has been progress, and the latest pick-up in bond prices hes at least reminded people that the picture in Singapore is not one of unrelieved gloom.

Certainly things have been warse. The onsat of recession in the industrialised West in 1974 brought an elmost total loss of confidence. The turnround by 1979 was partly the product of a general change in sentiment, but this was reinforced by the Singapore Government, which remained anxious to see the bond market established and lifted estate duty on Asian dollar bonds.

Since then Interest on Asian bonds received by non-residanta has been lifted, and stamp duty on bond certificates abolished. And of course tax on earnings from managing and underwriting bond issues ia at the concessionary 10 per cent rate.

The European Investment Bank, which has tapped the market three times, is one of several issuers from outside the region. There have also been foliations by the African Deve-floations by the African Deve-lopment Bank and, in 1978, hy the Republic of Panama, the first foreign government to make an issue. The first ASEAN Government outside Singapore to float a bond was the Philippines, with a sevan-yaar \$100m issue last September. The first sign of Middle East Interest in the market came in 1975 when an Arab bank helped manage a \$12m flotation by a Singapore shipyard.

Some issues have been as people in London or New denominated in currencies other than dollars — Australian dollars, yen, Dentsche Marks and Special Drawing Rights.

Altogether some \$1.750 bed diagrams. Altogether some \$1.7bn had been raised by last month, with just under half the flotations fixed-rate issues, just over 40

rate, meaning that interast is linked to the Singapore Interhank Offered Rate (SIBOR) for three- or six-month deposits. But

PERHAPS no offshore activities per cent floating rate notes and The problem is that the num-provided an additional source of illustrate so well Singepore's the rest convertibles.

The problem is that the num-provided an additional source of ber of issues is limited. In funds for the ACUs, and in 1978 Europe the number is larger, so it seems more active. But the technical aspects are no different, and even in Europe it can be difficult to huy and

earlier this month t—

Both agree that Singapere earlier this month a fixed-rate did tha right thing hy trying issue by Orient Leasing to encourage the Asian dollar encouraged hopes for a revival bond market, even though it

ISSUES IN THE ASIAN DOLLAR BOND MARKET

	No. of issues	Total	Up to 5 years	5-10 years	Over 10 years
1971	1	10		10	_
1972	2	51		31	20
1973	3	20 .		10	60
1974		_		_	_
1975	3	47		47	_
1976	9	266	129	86	60
1977	14	368	.61	262	45
1978	12	403	217	156	30
1979	8	358		338	29

of this instrument. The amount wes \$30m, maturity was five years, and the coupon 12 per

These developments suggest that Singapore has now daveloped adequate managing and underwriting expertise to handla bond issues, although undoubtedly thare ara still advantages in the European link, which permits larger Issues to be finated and a bettar secondary market to he developed.

Expansion of the Singapora secondary market bas been encouraged by the trend towards floating rate nota issues. But the market's lack of liquidity is still sald by bankers to be the greatest obstacle to the growth of the Asian dollar bond

market.

market.

One secondary market maker states catagorically: "In the recent rally wa would have made three times as much as we bave, hed we been in London or New York. But it's not been possible, evan though it has been a good month. Costs of delivery are higher in Singapore, and we need to buy on a larger scale. But the market is thinner, and we can't find sellers of tha right size. Whereas people in London or New

market maker The problem, he disagrees. says, ia not the number of par-ticlpants. In the market. "All the top market makers are here.

Source: Monetary Authority of Singapore.

has been rather caught out hy markat conditions. They also stress tre importance of having more issues, encouraging international trading in securities, and establishing Singapore as a link in a global network

just as it already is in foreign exchange, Singepore's encouragament for the issua and trading of CDs has mat with greater success. Again, tha principal complain—though in this instance apparently less justifiable—concerna tha under-development of the secondary

market.
"No primary market can
sustain forward momentum
wishla secondary without a viabla secondary market," complains on American banker. "And in the secondary market for CDs hera there is a lack of participation by the banking community."

In fact as with the bonds the principal market makers are

principal market makers are all active—DBS-Daiwa, Merrill

Lynch, Credit Suisse First Boaton and most recently Bankers Though Trust. essentially tima deposits with a specified maturity of anything for one month to five years, CDs are also negotiable and can be sold before maturity for cash. For the banks issuing them they are holding them they offer a reinrn while at the same time being almost instantly encashable. In

Singapore they have therefore

successfully in Singapore in 1970, were re-introduced in 1978. Primary issues amounted

Fixed-rate CDs, first tried un-

32 ACUs issued CDs.

to almost \$500m in 1978, and presently stand at about \$700m after the rising trend of interest rates dampened growth. U.S. banks accounted for about two-thirds of the issues. Innerest thirds of the issues. Japanese banks for another fifth. Of greater importance have

been the longer-term floeting-rate CDs, of which over \$1.2bbworth bave so far been issued in Singepore. In fact Singapore has now become the most important financial centre issuing floating-rate CDa outside London. The key to this growth has been stringent regulations regarding Jepanesa bank lending imposed by the Japanese Ministry of Finance. The Ministry ordered

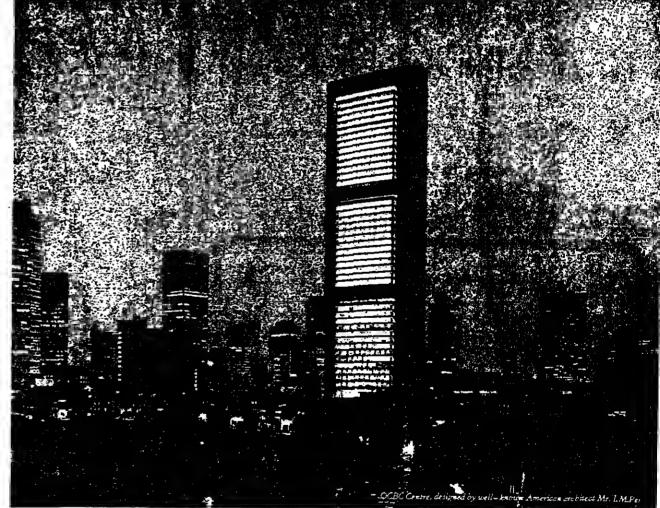
Japanese hanks to match, up to a specified limit, the maturities of their assets and liabilities, covering a proportion of long-term lending with long-term horrowing. Floating-rate CDs allowed them to borrow long and this is done through Singapore, it is said ,for reasons of proximity and convenience but also to help the monetary euthorities develop the market.

### Significant

In a significant development, the Monetary Authority has from this month abolished the "queuzing" system under which banks issuing floatingrate CDs came to the market in a smooth and orderly fashion. The shift to a more laissez-faire epproach has coincided with a turn in the market, making its timing fortuitous, some issuing banks might have had to withdraw from the queue this mooth had it continued.

The authorities are also con-The authorities are also considering whether to allow foreign banks without any hranch in Singapore to register CD issues in the city. The change would allow non-resident banks to issue CDs in the Asian dollar market, end would represent a further development for Singapore.

Singapore.
The next step in the securities market, however, appears to have made a start. In a con-troversial mova DBS-Daiwa managed the first issua of Asian commercial paper—in effect the corporate equivalent of tha floating rata CD—on behalf of the Japanese trading company C. Itoh. The amount was \$10m for three or six mooths, and the thus a means to secure funds for three or six mooths, and the for their day-to-day require margin was low, at one-eighth ments; for banks and others above SIBOR. DBS Daiws axpect to manage a second issua



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# Republic hopes to attract international insurers

SINGAPORE'S progress towards Hs goal of becoming a regional local capacity for writing interre-insurance centre has been national business began in the disappointingly slow, despite early 1970s. There are now "The effects of the 10 per cent fiscal incentives offered to in- nine professional re-insurance concessionary tax rate on profits and re-insurance companies. of which are local, one of them But re-insurers are generally -the Singapore Reinsurance ascertained. nptimistic that regional and in- Corporation-being the largest ternational hasiness will compensate for a limited domestic market, whereas life insurance companies in Singapore find themselves squeezed hy both local and foreign compatitors.

General insurers too are under pressure: in an overcrowded market they faced declining premium income last year and a series of heavy claims.

But despite the presence of a large number of insurers in Singapore chasing a limited tages Singapore enjoys—the domestic market, the Monetary absence of exchange controls. Authority is not prepared to dose the duor to new arrivals. close the duor to new arrivals. International insurers who can hring additional expertises. Instead it is on the look-out for intercational insurers who can hring additional expertise to financial services—will increasing additional expertise to of services underwriting capacity and greater specialisation.

Instead it is on the look-out for ingain and for falling to identify in a different guise. In a different guise, in a single for increasing needs of contracts — although the footness is sold sectors, although the main in the countries of contracts — although the main in the footness is sold sectors, although the main in the contract — although the main in the footness is sold sectors, although the main in the footness is sold sectors, although the main in the footn

The idea of creating a sound pore into a reinsurance centre announced that CPF funds will operator in the market with a premium income of just over

### Need for time

"In glnbal terms the Singapore reinsurance market is very small-its capitalisation and

Grester controversy surrounds the performance of the life insurance business. Traditioninsurance business. Traditionally inhibited by the role of the Central Provident Fund (CPF) which siphons off a substantial proportion of savings in the form of compulsory wage deductions, life insurers have succeeded in tapping only 10 per succeeded in tapping on

Life insurers are under attack

"The effects of the 10 per cent dwellers who are buying their ternational insurance brokers companies io Singapore, three from offshore business intro- board and who are suing their and re-insurance companies. of which are local, one of them duced in 1977 bave yet to be CPF savings to pay off their mortgages. A subsequent life insurance scheme, also using CPF funds, will take the form of a lump-sum income related pay-

> underwriting capacity only a cent of the estimated market— into a rival for the trade union-fraction of the world picture" or 100,000 out of the 900,000 run insurance company, which into a rival for the trade unionadmits a leading re-insurer. Working adults considered already provides life insurance But the Monetary Authority potentially eligible out of a cover for the lower income hopes that the built-in advantotal population of 2.4m. group. Mr. Tan says: "We group. Mr. Tan says: "We firmly believe in the free enterby the Monetary Authority for not being sufficiently enterpris-

overnight," says Insurance provide a mnrtgage protection depends how far they go and suit individual clients." The Commissioner Tan Guan Aik. scheme to the 49,000 fiat- what is meant by a minimum same broker disparaged the benefit. If it turns out in he suggestion that annuities and homes from a statutory housing as low as \$85,000 it could even investment - linked insurance have the effect of triggering a schemes should be infered to thought process and making Singaporeans. "There's a very Singaporeans mure aware of the limited market. We do have advantages of taking out life several unit trusts but demand insurance—which would in turn is not great." benefit existing companies."

> At the same time, the monetary anthority has made it clear by increases in CPF contributhat it will consider applications tions. "We're now selling on from foreign life insurers to set the basis of 'forget the tax reup additional companies to com- lief, concentrate on covering the pete with existing nnes, The risk'," says a leading life in-Authority is particularly in-terested in applicants prepared there is scope for expansion in to arrange joint ventures with the industry "provided the small local companies and those economy keeps up." prepared to go in for aggressive marketing to combat "public apathy" towards life insurance.

Life insurers claim that given the size of the market, they already offer a reasonable range

Tax relief on insurance pre-

miums has also been eroded

This bope is echoed by many general insurers faced with de-clining profitability caused by falling premium income and a series of hefty claims. Particularly hard hit last year were

### Ouibbling

This latter problem was by no means entirely solved by the Far East Regional Investigation Team (FERIT) set up in Hong Kong and supported financially by the insurance market in Hong Kong, London, Singapore. Malaysia, Indonesia, Taiwan and Japan. As a result of FERIT's recommendations, a data bank was created to provide collated information for underwriters, but so far no agreement has been reached on how to pay for the bank to be updated. "Local companies are quite happy to pay out huge sums of money nn claims, but quibble about the relatively minor costs involved in the data bank," says a

foreign insurer. Insurance Commissioner, Tan Guan Aik, concerned over the effects of marine fraud on Singapore insurers, saya that fraud can only be effectively minimised by international ecoperation, "The report which

says an insurance manager. "It tailor made by attachments to disasters and an increasing resulted from the FERIT in depends how far they go and suit individual clients." The number of fraudulent claims. vestigations should be studied vestigations should be studied by marine underwriters seeking to learn from this unpleasant experience."

Some legislative changes are now under consideration by the Government which would provide for stricter licensing arrangements for insurance agents and brokers. At the same time the insurance Act is likely to be amended to widen the scope of the kind of assets in which insurance companies now have to invest their funds. This would answer a long-standing grievance of the industry that its ability to offer a wider range of contracts is prevented by pre-sent insistence that a large percentage of investment has to be in Government honds.

Without committing himself, Finance Minister Hon Sul Son says: "I think the lime has come for restrictiona (on investment in Government bonds) to be lifted." Such a change would offer the industry a ray of hope in an otherwise unpredictable

Kathryn Davies

# Key link in the global foreign exchange system

AT 1.30 am Washington time on a key link in the global foreign Friday April 25, a shocked world learned for the first time of the failure of the U.S. mission to rescue the diplomatic hostages held at the American Emhassy in Tehran. Across the dealing around the clock. Cen- 1974 it was just \$350m. Anout a young nreed of snarp and the sidelines of sharp and the sh other side of the globe, in cluding of course the hanks Singapore, it was lunch time on themselves, kep a 24-hour watch Singapore, it was lunch time on the last day of the week, and on the market in order to trade the markets were open. For the not ot lose it. foreign exchange dealers pre-paring to close husiness, the news came like a holt out of the

thing. For several agonising and its physical location. minutes none dared quote a rate for the dollar. Then its ex-change rate stazted falling. Ever on the mark, the Bundesbank in Germany, where it was and San Francisco. One Swiss only hreakfast time, stepped in and bought dollars. The U.S. currency began to resist the because of their own agreement trend and, in the words of ne not to deal directly with each hanker in Singapore, the other before a certain time. Bundesbank probably

technology, now allows currency and to make money-or rather sterling.

Singapore offers the widest window on the world hetween Japan and Europe-wider even than Hong Kong or Bahrain because of the hours it is open the end of each day Singapore hands over to London, Frank-furt and Zurich, at the hegin-quence of the growth of the ning it takes over from Tokyo hank in Singapore even deals Apart from the eight brokers between Swiss hanks back home

even By last month, daily turnover made some money for itself, on Singapore's foreign ex fringes. One multinational corshum. Bankers don't like to say currencies, usually the U.S. among the hanks has meant few examples better illustrate how Singapore has become a day and rising—a figure now less than 29 banks.

widely said to he in excess of Watching it all is the Mone- activity on Singapore's foreign rates higher for the dollar, the back. But both the customers exchange network that, with the Hong Kong's turnover. Less tar yAuthority, which demands exchange market is in fact yield on the deals is better. help of modaro communications than two years ago average detailed monthly returns of all speculative.

The swaps work like this. technology, now allows currency turnover was \$1.8bn a day; in foreign exchange dealings, and dealing around the clock. Cen1974 it was just \$350m. About a young breed of sharp and monetary authorities; another 20 per ceot is dollar/yen. and a further 20 per cent is in

### Volatility

The growth is partly a reflection of the increasing volatility of the foreign exchanges which has been seen ever since the Bretton Woods system came to Asian dollar market and of the number of ACUs in Singapore. operating on the island, there are estimated to be about 15 or 12 market makers, about 30 major participants in the market and another 100 orso on the phenomenal growth this has fringes. One multinational cor-

currencies more easily in Singapore hecause it is still smaller than other markets.

most agree that Singapore is a follower rather than a leader and that central hanks must start in Tokyo if they wish to act firmly on a particular day. Dealers say they can tell when central hanks are in the market. but rarely know exactly on what scale they are operating.

Only a tiny proportion of the foreign exchange activity in Singapore is to finance trade, even though Singapore remains one of the world's major trading centres and has one of the top five busiest ports. The same may be said of tourism, for all the

The experience of being on the sidelines of such a phenocurrency field—to the chagrin of the authorities. The lifting of exchange regulations in June 1978, compled with a relaxation in restrictions on domestic lending by offshore hanks, produced an opportunity which they and the banks have not missed. For the Monetary Authority it has been a test for all its techniques of "moral suasion."

The opportunity lies in the fact that offshore banks are not subject to the 26 per cent liquidity reserve requirement that applies to their "full bank" domestic counterparts. This has The bank offers the customer provided an incentive to indulge an incentive to do all this by in what are known locally as agreeing to pass on most of the "Sing swaps" -- swaps between benefit that it reaps by lending Singapore dollars and foreign the full amount. Competition have yet to be unwrapped. currencies, usually the U.S. among the hanks has meant

The swaps work like this. A holder of surplus Singapore dollars buys U.S. dollars from an ordinary bank and places them in an ACU — a deal that is done all the time and is per-fectly acceptable. Then, in a manipulation which the authorities say is against the spirit of the Banking Act, the holder of the U.S. dollars sells them hack on a foreward hasis to the bank or more usually another hank disguise the deal.

### Incentive

The hank then sells the U.S. dollars spot for Singapore dollars, which it then lends out in the full amount without bolding hack 26 per cent as reserves.

and the banks emerge better off. The authorities meanwhile find that their control of the money supply is being undermined. In response they have applied a degree of "moral sussion" on the hanks which even one local hanker was forced to describe as "very beavy pressure."

According to Mr. Hon Sui Sen, the Finance Minister. moral suasion can't he iotally effective without tougher sanctions behind it, and he points out that the legislation relating to foreign exchange controls is still in place. But be says the re-imposition of controls would be "against the grain."

One U.S. hanker says that at one stage last year there was some talk of reviewing the liquidity reserve requirements. Nothing has been beard since, and a local banker says the Monetary Anthority's proposals



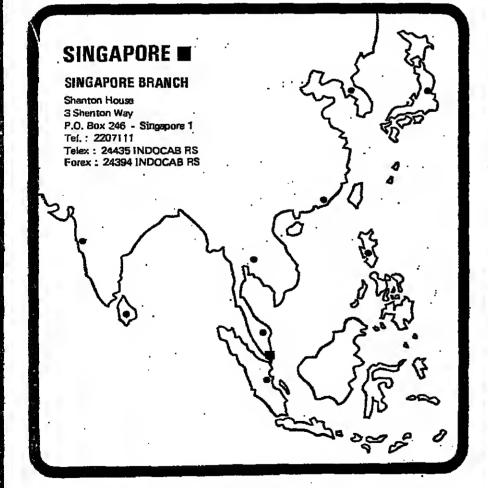
Mr. Michael Wong Pakshong, managing director. of the Singapore Monetary Authority

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# Gold futures market exceeds hopes

makes them invest in gold. Also, bars in which goldsmiths and But, says Hon Sui Sen, if you are a Vietnamese hig overseas investors tend to expect eventually to recove refugee, the existence of small participate. gold trinkets is much more appreciated even than U.S.

Singapore's fledgling gold futures exchange — the only formal gold market in Singa-pore and the only international futures market in the ASEANof the Republic's hitherto informal gold dealings. Its performance so far has exceeded most expectations. Bot lack of liquidity, expensive hrnkerage and margins and cumhersome delivery systems are limiting the market's speculative base and casting doubts on its ability to attract hig international investors.

In terms of lots per day traded on the exchange (GES) the current average of 150 (of 100 Troy ounces) is higher than the 100 lot mark considered necessary for the market to be viable. The new system also survived the bectic trading in December and January when, as part of the intercational gold rush, the daily average increased to 500 lnts. "We coped pretty well." says an experienced dealer" and the sound financial structure of the clearing house allinwed us to avold the kind of financial problems experienced elsewhere."

Under the Singapore system, futures contracts and prompt, current month and the subsequent four even months are available at any time. For example, on January 2, deliveries for prompt, January, Febroary, April, June, August and October would be traded.

Contracts are guaranteed by the Singapore Gold Clearing Hruse, which, nn the insistence of the monetary authority, is a separate institution owned by the largest four local banks and the Singapore branch of the Bank of Nova Scotia. The clearing house issues gold certificates to buyers which are valid for 12 months.

However, dealers point out that although the setting up of the GES was well-timed and is making money for the clearing house and for most exchange members, it has failed to make really significant inroads into the total volume of gold dealing in Singapore and bas seemingly saturated the local futures market\_

It is impossible to assess the total annual volume of gold dealings in Singapore, but it is generally helieved that the GES accounts for perhaps as little

فكنامن التصل

Singapore's Finance Minister continues to be in the informal derived from offshore gold Hon Sui Sen. "People in the markets: the "loco" London transactions from 40 per cent region subject to Japanese occu- (spot transactions in standard 10 10 per cent in the March pation (during the Second 400 oz bars, delivery in Lonward War) bave a faith that don) and trading in local kilomakes them invest in gold. Also,

The exchange also has trouble market expands. in attracting the right kind of The problem is speculator, or investor. As the dramatic drop in lots per day traded between January and May indicates, a large number of investors huroed their fingers in the turmoil which hit inter- into a hooking centre for over-Pacific hasin—was set np 18 national markets at the turn of months ago to extend the scope the year. These speculators consequently withdrew abruptly from the market, provoking GES chairman Dr. Gan Ajoen Hok to call on participants who equate gold futures with easy money to stay out of futures

dealing.
At the same time the novious lack of liquidity in the GES is a deterreot to the kind of speculator Dr. Gan would welcome a sound businessman with sub-stantial risk capital available and the right psychological make-up to indulge in which he correctly describes as "an extremely risky and emutionally stressing venture." Such an investor finds it cheaper to deal in "loco" London or the New York commodities exchange Comex. It is also felt that the Hong Kong futures market, now in prospect, will at least be as competitive as Comex and will therefore make international participation in the GES under present conditions less likely.

### Talks in progress

However, discussions are currently under way in both the GES and the clearing house on ways of improving the competitiveness of the Singapore gold market. It is possible that the minimum rates or original deposits required from members as a security for outstanding contracts will be reduced in line with the Comex requirement of US\$5,000.

The present gold certificate system is also currently under review. This is expected to involve the introduction of an internal accounting system between the clearing house and depositiog banks permitting the issuing hank to give a "delivery note" to the customer which would not be negotiable but would be "much cleaner."

Kilobar contract trading is also likely to begin in the near future, although implementation has been held up by reservations from the clearing bouse nver the volume of administration needed to accompany it Impetus for this development has come from brokers and the kilobar contract is thought likely to he attractive mainly to

the small investor. In an effort to attract larger

"IN THE East there is a as 10 per cent of the market, participants, the Government seas buyers and sellers. This looking at the possibility that mystique about gold," says Most investment and speculation cut the tax rate on income would offer little prospect for the gold futures market could

The problem for the development of the GES is that overseas hrokers would inevitably have to hring in a substantial amnunt of overseas business, merely turning the exchange

expect eventually to recover the

when the

bealthy long-terb development, since it would not offer depth.

will point up the attractions of spread trading—the simultaneons huying of one futures month against the selling of another—for holders of physical guld, such as goldsmiths and jewellers, as well as for people who would rather take a stand i ninterest rate fluctuations than

gold prices.

Meanwhile the Government is

the gold futures market could; play a significant part in setting up a Singapore commodities to the futures market.

However, Dr. Gan hopes that recent swings in interest rates a major financial centre. Howa major financial centre. However, bankers and dealers believe that financial institutions would probably be reluctant to participate in an exchange dealing in softer commodities and that such a totally new concept would not fit in with the present framework of gold futures trading.

Kathryn Davies



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### No losers in the battle for supremacy

SINGAPORE and Hong Kong types of financial services, are engaged in a never anding through tax incentives and battle to be the main financial other devices. Barely a Budgat centre of Asia. Most of tha goes by without soma tax time they are chasing their own changes simad at encouraging shadows. For this is a contest new types of service for which in which there do not seem to be any losers.

Neither city state can regard Itsalf as anything but a winner. The same can be said for tha many banks and other financial institutions which have invested in a presence in either city or.

It is as probable that one will knock the other out of the race as it is that tha U.S. will become a one-party state. And for the sama reason. The two are com-plemantary as much as competiaware of the other's performance not to allow the other to open up to commanding a lead. Singapore is more self-conscious about the rivalry. It needs to be because it is a smaller city and one in which financial and related services play a larger rola than they do in Hong Kong.

The ceason why both cities are financial centres dates back to before tha idea bad been conceived.

Their positions ara best understood as the transfer to a modern context of the entrepot Their rules for which they were origin- cent on offshore business. ally — and very deliberately created by British merchant im-

Even in the telex and jet age to be concerned that its ould be geography is still important and missing good business. for that reason many things can be done in and from Singapore pared to mak any concession which can't be done from Hong on withholding tax nor intro-Kong, and vice versa.

That sald, the rivalry is distinction between resident genuine. As Singapore Prime and on-resident. Minister, Lee Ruan Yew, put it It toyed for a time with the recently: "Hong Kong keeps idea of allowing banks to set up Singapoce on its toes." And segregated departments to do

The styles of the two cities withholding tax.

Her but their goal is the same. But it allowed banks to side differ but their goal is the same.

a potential market seema to have appeared or removing wrinkles in the path of existing

Hong Kong takes few, if any, initiatives and publicly adopts a "bands off" posture that gives no favours to any industry. In practice it is rather more pragmatic, changing a rule bere, turning a blind aye there, yet without overtly compromising any of the basic principles of the colony's tax system or financial

### Ever alert

The difference of approach is summed up in the early bistory of the Asiadollar market. Back in 1968, Bank of America bad spotted the potential for a regional market for short term funds and foreign exchange transactions

Ever alert to the chance of promoting new products and services, Singapore- abolished its witholding tax on interest paid to non-residents and offered banks the incentive of trade and commercial service a profits tax rate of only 10 per By sround 1972, with tha Singapore market showing lively growth Hong Kong began

duce into its tax system the

segregated departments to do Asiadollar business without

ates.
The net result was that banks and finance companies in Hong Kong could borrow Asia or Eurodollars from their branches elsewhere and use Hong Kong

as a lending centre.

Many bankars thought this an even better idea than having an official ACU market in Hong Kong on which they would have bad to pay 15 per cent profits tax. With this informal system that the profit was not derived

from Hong Kong.
This created a complementary link between Singapore and Hong Kong with Singapore tha funding centre and Hongfi Kong

tha lending centre.

The structure is evident in the bceakdown of the offshore assets and liabilities of Hong Kong banks and deposit taking companiea.

At the end of December 1979, these institutions owed U.S.\$5.4bn to banks in Singapore bue were due only U.S.\$2.2m in return from Singapore. Hong Kong's other main sources of funds were London-\$5.3bn, and New York

The timing of Hong Kong's quiet manoeuvre could not beva been hetter. It came in time to attract a massive inflow of foreign banks which set up financa company, subsidiaries imposed to curb domestic credit (there was a moratorium ou expansion it is likely to be lifted new bank branches) and representative offices to catch the As a result of these develop-rapidly growing lending oppor-ments, Hong Kong's position as tunities in the Asian Pecific the leading Asian syndication

These lending opportunities grew faster than ever after 1973/74 oil price increases condemned a number of countries in the cegion to perpetually bigh current account deficits.

Hong Kong, however, bas cemained first and foremost Singapore bas, from the very step the issue throug an inter- the place where loans ace beginning of its financial centre pretation of the tax code so that arranged rather than booked. ambitions, deliberately set out financial institutions do not face. The current total of some \$9bn to attract and foster certain withholding tax on transactions in offshore loans by Hong Kong

with their branches or affili-ates.

The net result was that banks and finance companies in Hong
Singapore ACU market but also in relation to the unknown amount of loans arranged in Hong Kong but booked at points around

Hong Kong's own position as a booking centra received a brief setback two years ago when the Government moved to collect some tax from banks they paid no profits tax on loans and deposit taking companies made offshore on the grounds on profits on loans arranged from Hong Kong but made off-

> There were cries from banks that they would ba forced out to Singapore or aven Manila. In the event there was no such exodus. The tax was applied rather lightly, so that in effect it was no greater than in Singapore. At worst expenses could be offset against it.

> Any deleterious effects of the tax issue on Hong Kong were offset by two favourabla deveonset by two favourants developments. First was the end of the banking licence moratorium which resulted in 41 new licences being issued to leading international banks bringing the total licenced banks to 115.

Second, was the opening up of China and the bope—very over-stated—that this would lead to big new lending business.

Although tha licence mora-

torium bas been temporarily reagain before long.

centre has probably been further enhanced. It has not, however, bad things entirely its own way with different banks for various reasons adopting diffecent management strategies for the region. Singapore's proximity to Indo-

nesia and Malaysia has been particularly important, while bankers in Hong Kong bave been moce preoccupied with the big East Asian borrowers and the Philippines.

Both cities offar a wide range of afficient back-up sarvices for the banking industry, ranging from the phone and texel services to printing and accounting. But Hong Kong bas been a long way ahead in offering legal sarvices. It decided several years ago not to protect the local legal fraternity from outside

Expertise

Big British and American firms are active in Hong Kong and can provide expertise in loan documentation not available to Singaporean lawyers.

Typically, bowever, the Singapora Government bas recently movad to ovarcome this deficiency. Ignoring the outcries of local interests it has allowed the London ram Fresbolds to set up in Singapore. Others will follow.

Singapore is also pushing bard into new areas such as international fund management long established in Hong Kong—and bond and other securities dealings, though Singapore's securities market is much samilar than Hong Kong's and investors face a withholding tax on dividends. It has attracted celativaly little foreign interest.

Singapore has official Asiadollar bond market to itself, and recently abolsbed stamp duties to encourage the secondary market. But in practice, far more actual secondary market bond business is done in Hong Kong through the big securities houses and banks operating there.

That is another example of Hong Kong's ability to engender informal markets simply by. letting traders get on with It without insisting on a formal situations.

informal business.

intagresting example of rivalry and contrasting styles. Hong Kong bas a large and long estaband contrasting styles. lisbed gold market conducting its business in Cantonese.

Sida by sida thera grew up both "loco London" and a "loco Comex" markets, informal but active markets conducted by international bullion dealers and commodities bouses in Hong Kong hours but on tha basis of London and New York.

set up its own gold futures

market. Singapore's domestic financial market is smaller than Hong Kong's but money markets ace mora devaloped becausa of the existence of Government securities and the Government's use of market mechanisms to influence interest rates and money supply.

The HDB and the Government lasst, are the respective roles together absorb most of the of the two cities as the hubs

But Singapoce is in earnest to in both cities. Singapoce bas take away some of Hong Kong'a tightening up its previously Kong. It is to Hong Kong, almost non-existent regulation politically neutral and with its

هكذامن الأجهل

Eighteen months ago Singa-pore aet np its own gold futures market, a formal market to rival both Hong Kong's traditional market and the informal "loco markets. In time it is possible that Singapore would have attracted a growing share of tha business, particularly at tha expense of tha informal markats. but Hong Kong has now allowed the HK Commodity Exchange to

On the other hand the ability of Singapoce's domestic capital market to develop in the long term is constrained by the ovarwhelming size of two Government institutions—tha Central Provident Fund, the main mobiliser of household savings, and the Housing Development Board, dominance in the bousing

CPF's cash flow.



Lee Kuan Yew: "Hong Kong keeps Singapore on

South-East Asian Nations to retain ceinsurance business of being a very large ship owning centre. Last, but very very far from

of overseas business. Singapore In Hong Kong, life insurance is closer to and has more direct framework or supervision that and pension funda are still business daalings with Chinese is a permanent difference of rather undeveloped but they in Malaysia and Indonesia. On philosophy which stems from have massive growth potential the other hand, the Thai tha cities different political international non-life insurance Chinese community — which business is a growing industry probably controls more assets Malaysiao develop itself as a securities offered tax advantages and Indonesian cousins combined—market and if successful could Hong Kong is in the process of bas closer links with Hong

of the industry in an effort to free and easy attitudes to that improve its image as an insur- origin and uses of money, that Chinage throughout the cegion Singapore may profit from look primarily as a baven for efforts by the Association of their funds.

Singapore on the other band clearly attracts a lot of similar fund money from non-Chinese within the five nation group, fund money from non-Chin Hong Kong has the advantage Malaysians and Indonesians. Singapore and Hong Kong are

rivals in certain aceas, complementary in others. They are in contiguous, but still different areas of Asla. Each is affacted by its own binterland, one Malay and capitalist, one Chinese and communist, which influence the sort of business that can best be done.

But essentially both prosper assets under the same conditions — the and internationalization of business. and the pragmatism that bas served East Asia ao well.

Philip Bowring

# Bankers get down real co-operation

BANKING co-operation within the Association of South East Asian Nations (ASEAN) was until recently confined to rather dull, even if worthy, matters such as "exchanges of ioformation" and "banking education." The excuse offered for not attempting more fundamental co-operation was the diversity of banking systems in specific south the specifics of the new corporation, which, it is boped, will be ratified by the next ASEAN Banking Council meeting scheduled for July in Manila. Then it is back to the monetary authorities.

The main purpose of tha AFC will be to fill tha financial needs of ASEAN investors diversity of banking systems in the five member countries (not to mention their differing states of economic advancement) and the fact that in some countries banks are in the main privately owned while in others

the State is predominant. True, when the heads of state of the ASEAN five-Indonesia. Malaysia, the Philippines, Singapore and Thailand-came logether in August 1977 for their second summit meeting. one of the aceas of agreement was on setting up a US\$ 100m central bank swap arrangement to support any member's currency should it come undar undue pressuce. But this was a political gesture as much as anything and, even though the swap line was later doubled. little, if any, of the facility is thought to have been utilised

It was not until earlier this year, when ASEAN had entered its 13th year of Ilfc, that bankers in the region committed themselves to really meaningful conperation, although when they did-at the ASEAN Banking Conference and meeting of the ASEAN Banking Council in lakarta during February—they really did set down to fundamentals. The 26-member council drawn from both private and State-sector banking in teresta within ASEAN, resolved to found o new type of develop-ment finance institution to foster an industrial take-off in the region, and to launch new financial instruments for stimulating trade among the five.

### Original thinking

Both projects had in fact been suggested as azrly as 1974 by a United Nations team com-missioned to identify promising missioned to identify promising awas of economic cooperation whim ASEAN. But that report hid been gatbaring dust on introductats' and planners' skeles for some six years when a group of development-minded binkers began indulging in some original thinking, although I tley do acknowledge some debt in the UN team.

to the UN team.

Specifically what was decided the unity and a development finance institution, drawing upon both European and Japanese models, as well as moves to harmonise ASEAN's different financial struments, such as U.S.-doilar harmonise as U.S.-doilar bankers acceptances, can be freely traded. This, it is boped, vill serva to stimulate commerce

According to one Indonesian Ascerting to the management hanker cepresented on the ASEAN Banking Council, Dr. J. Panglaykim, president of P. T. Sejahtera Bank Umum in Jakarta and an advisor to the Indonesian Government's Centre fer Strategic and International Studies, says foceign banks bave not really proved to be really committed to the ASEAN region deal in money instru-

richly endowed with primary commodities and raw materials, there must be great scope for marrying domestic and foreign capital with other local resources to foment an industrial revolution. As ASEAN Governments bad tried, and largely failed, to do this through the politically-inspired ASEAN industrial projects (several of which have proved to be non-

starters) bankers might make a better job of it, be suggested.
But it was no good simply aping the British-style merchant banks or the French banques d'affaires or the West German "all-purpose" banks which bave become major sharebolders in industry, the ASEAN bankers felt. What might be needed was something more along the lines of the Japanese shogo shosha a team usually translated to mean "trading company" but which in fact means a great deal more than that. These nine principal "supertraders" in-cluding such names at Mitsu-

bishi, Mitsui, Marubeni and C. Itoh, stand ready to do just about everything for Japanese industry from providing financa ASEAN nations. Also, in four to organising marketing, distri-bution and exports, even if tradist the exception) monetary bution and exports, even if trading is essentially the name of their game. This, felt bankers such Mr. Omar Abdalla, chairman of the ASEAN Banking Council, and Dr. Panglaykim, might be the model ASEAN the atractiveness of acceptances in the atractiveness of acceptances.

accord with the different stafes of banking development and the different monetary regimes within ASEAN. State banks, which in Indonesia control 83 per cent of the credit to the banking system, would have to be able to participate, along with private banks, in such new venture-capital institutions if the idea was to get the hiessing of the various central banks and monetary authorities involved. monetary authorities involved. There were also regulations preventing State-owned banks from operating in certain ASEAN States to be taken

account of.
With various schemes before lt. the ASEAN Bankers Council meeting in Jakarta in February finally cama up with a firm proposal for something called the AFC, standing for ASEAN Finance Corporation. This wholly ASEAN-owned institution will be designed to sopply financial and support services to ASEAN Economic Community (AEC) ventures. After months of discussion, this marked a real breakthrough for the three

and a half year old ASEAN Banking Council. Although agreement in principle was reached on the AFC issue by the 26-member council, the proposal still naada the approval of the individual monetary authorities in tha ASEAN nations. Simultaneously, a steering committee

defined in the council's report as "mainly industrial enter-prises based on the markets of theee or more of the five AEC members." The AFC's capabilities will be wide-ranging.

It can participate in and initiate new industrial invest-ment by providing seed (equity) capital and low-cost funds (with concessional interest rates amortisation periods).

The AFC will not only service ASEAN-wide ventures, but will allow itself access to individualcountry investment as well. Ownership of the new institu-tion will be 100 per cent ASEAN, divided equally among the five member-countries. Management will be pooled from the group's banking comunity, but will not rotate. This is designed to give the AFC greater stability.

### Changes needed

But putting the innovation into practice is not without its problems. Approval is needed from monetary authorities in the

needed.

Essentially what the bankers had to do was to find a development institution which would accord with the different stafes accord with the different stafes while readily rediscountable at hills readily rediscountable at to importers. One important facassume by making the ASEAN bills readily rediscountable at preferential rates. Banks could use this option to obtain cash if necessary.

At the same time, foreign ex-change cegulations covering conversion procedures on export earnings would have to be changed, as some monetary authorities require that proceeds be immediately solo to

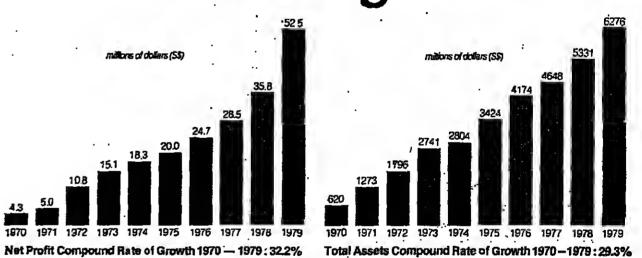
the central bank.

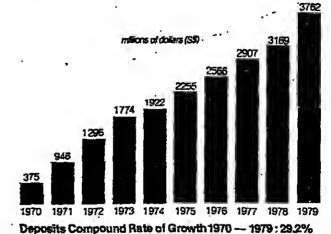
Meanwhile, some Singapore bankers auggested in private that a strictly ASEAN based bankers acceptance market would probably not take off, because it was unlikely to achiave tha necessary volume to make it viable. A more cosmopolitan acceptance market. aimed at financing trade with countries outside the region as well as intra-ASEAN trade, could mean that the ASEAN market would operate as a subsidiary to the main Naw York market, just as the Asia-dollar market is an extension of the Eurodollar market, they

Most people feel that this suggestion is more than fust a case of sour grapes on Singapore's part at not having got its own U.S. dollar acceptance market launched yet, and that ASEAN would be wise to study the wider aspects of regional trada financing instruments.

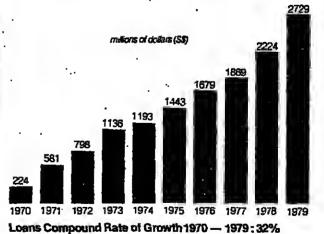
Anthony Rowley

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# An idea whose time has come

BY ANATOLE KALETSKY

"MORE POWERFUL than the march of mighty armies is an idea whose time has come." Next Tuesday the impressionable people of California will go to the polls to vote on Proposidecision may go a long way to prove whether Victor Hugo's stirring ideas epply with undiminished force to ideas which are implausible to the point of theory, known as the Laffer Curve, which purports to show that cutting taxes will not and large, wants to preserve.

Professor Leffer'e theory would soon lose all its revenue. as people gave up work. From this incontrovertible premise ha decides that there must be some threshold tax rate (which be shows as the apex of bis famous curve), ebove which any further tax increases would reduce incentives and divert resources away from productive uses to such an extent that it would actually cause Government revenue to fall. It follows, therefore, that once this threshold is passed, a tax cut can increase the revenue available to the

Now, this argument bas been knocking around the economics professioo, as e theoretical conjecture, for over 100 years. But it took Professor Laffer, public spending, Californians reinforced by the political nous were practising good, old-of Mr. Howard Jarvis, the fashioned Keynesian demand Californian apti-tax crusader, to realise that the spirit of the age would enable bim to turn an unsubstantiated academic

The practical significance of the Laffer argument depends benefit from a fiscal stimulus. entirely on just where the Proposition 13 vindicate theoretical threshold tax level Keynes, not Laffer, which makes actually lies: a point which is fiendishly difficult to establish is treated with as much derision hy any known econometric technique. The studies that bave been done have suggested overage tax levels of between ployment rises during the 60 and 90 per cent would have to be reached before the Laffer Laffer's reflationary prescrip-threshold was passed. Laffer's reflationary prescrip-tions, bowever dubions their

When asked for some facts to set against the econometri- take on the power of an idea clans' evideoce that no Western

BBC 1

† Indicates programme

in black and white

(Ultra high frequency only). 10.40-12.50 pm Cricket: One-day Test—England v West Indies.

1.15 News. 1.30 Camberwick Green. 1.45 Cricket: One-day Test

(continued). 3.53 Regional News

for England (except London).

6.40-7.55 am Open University

country has ever approached the Laffer threshold tax level, the Laffer school has two answers. First, they have found it easy to foster a confusion hetween high marginal tax rates, which tion 9, a measure to halve their undeniably produce disincenstate's income tax. Their tives, and high average tax rates, to which the Laffer

However, the evidence on the incentive effects of changes in moderate basic tax rates, such absturdity: in this case the as Britain's current 30 per cent, ia ougatory. Indeed, while Mrs. Thatcher in Britain claims that "cuts in income-tax at all levels" reduce the revenue available to are the "only way to make it the state to pay for public ser worth while to work," she vices, which the electorate, by spends much of her time castigating workers for wanting to raise their earnings in other starts from the observation that ways-for example, hy going e Government which confiscated on atrike. Even under Labour's all its aubjects' incomes by imposing a 100 per cent tax rate were not short of incentives to demend more pay than their employers could afford.

The second reason for the growing acceptance of the Laffer theory, in the face of all the econometric evidence, is California's experience in the two years after Proposition 13 halved the state's property taxes. Instead of the collapse in the social fabric that was widely predicted, there was an eco boom, revenues did indeed grow end pomic public services escaped aerious

damage.

Was this e triumph for Mr. Laffer's theory? There is a more plausible explanation: by voting themselves a tax cut unmatched by a reduction in management. With an unlimited supply of potential immigrants from other states evailable to an unsubstantiated academic join the labour local against curiosum into a marketable a fixed exchange rate against the rest of the U.S., California join the labour force, and with was ideally placed in 1978 to

> Proposition 13 vindicated Keynes, not Laffer, which may explain why the Laffer Curve by Chicago monetarists as by Washington and Sacramento bureaucrats. And why, as unemslump, Professor theoretical foundation, may whose time has come.

theory actually refers.

They remember the heatwave in 1976 fondly. The Bulmer cider factory, the largest in the world (producing up to 30m gallons a year.) boosted its output hy around 15 per cent that summer to meet consumption, and many of the 4,000 people employed hy the two companies worked overtime. Tourism flourished to the delight of shopkeepers, small hotel owners and trade in general. Although farmers may not take such a delight in the absence of rain, or in the arrival of unruly herdes from the cities, those with orchards, bop fields and market gardena

IN HEREFORD, probably the country's most rural city, even industry is dependent upon

the weather. Two of its lergest

companies, H. P. Bulmer and Sun Valley Paultry, are hop-

ing for a sizzling summer to

make people drink more cider

and eat more coid chicken.

mand is good for prices. This summer, more than in previous years, Hereford could do with a good break. Not thet times are bad, but unemployment is nevertheless above the national average. Herefordians treditionally return home when they are out of work. Life is more pleasant in Hereford, they

are well aware that high de-

Many young people have to Hereford bad a major ammu-go to the West Midlands or nitions factory during the war, further afield for jobs, and the po doubt for similar geographic of person involved in electronics

Hoping for a chicken and cider summer

BY LORNE BARLING

Bulmer.



HEREFORD

traditional rural reaction to unemployment—a stint in the Army or jobs in the former quarters of the Special Air labour. Services Regiment.

Between 1950 and 1970 the

number of people employed locally in agriculture was almost halved, and has stabilised at around 2,500, roughly the same number employed by the other hig company in the area. Henry Wiggin. Wiggin, situated to the north of the city, attract is unlikely to he too makes very bigh-quality metals, concerned. Hereford wants some of which are used in airsome of which are used in air-craft engines. It moved to Here-ford in the early 1950s for strategic reasons, after being advised by the course of them. although in limited advised by the government of the day to be outside any attracting here are likely to be

Hereford bad a major ammu-

providing space for industrial expansion. During the post-war years Wiggin drew much of its skilled labour force from cutbacks by the Gas Board and British Rail, but now it operates its own technical school in conjunction with the technical college, as does

Most people joining the school are local, often coming from farming jobs which have been lost through modernisacolonies-still attracts a fair tion, and their mechanical number of the young. No aptitude is fairly high. Between donbt a select few find their them, the two companies have way back to the Hereford head-created e pool of skilled local created e pool of skilled local

As with other cities, Hereford is trying to attract investment. The county council's industrial development officer, Mr. John Henshaw, admits that communications are "not brilliant" bot points out that they ere better than in Wales. In any case, the kind of company he wants to

The kind of people we are possible Birmingham nuclear as coocerned about their way life as anything else," Mr. Henshaw says. "I don't mean they are fanatics, but the type

small high opportunities for the learning of

One Hereford enjoys in attracting industry is low costs. New factory space is available at £1.50 to £2 a sq ft, and good refurbished space at around £1. There is also plenty of spaca with more than balf of the 300-

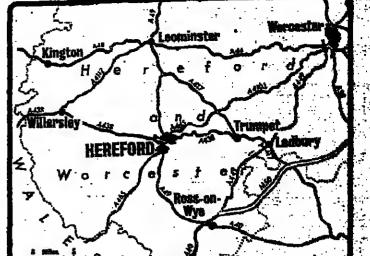
reasons, which was closed in is often individualistic about the 1946. The large site is still way he or she lives."

He sees a growing trend towards people relying on their own skills and not having to think in terms of established industry since such companies do not need large buildings or

"I would much rather see 10 technology companies come to the area, employing perhaps 100 people. than one medium-sized company taking on the same medium-sized number," he says. For a start at least one of the small companies is likely to do well and increase its workforce eubstantially. Besides, small companies are easy to relocate, are unlikely to have communications problems, and provide

Examples of such companies are Baugh and Weedon, which makes electronic feult-finding equipment used to detect cracks in metal in aircraft and on railways; and Hegotron, which supplies printed circuit boards, usually at short notice, for research and development work.

notable edvantage



The Ministry of Defence remains an important influence in the area, owning a great deal of land and operating an ordnance depot outside the city. Although the Special Air Services Regiment employs servicemen rather then civilians to do many of its administrative jobs. Army spending power in the area is substantial.

The biggest recent event inthe city was the opening of the Midlands Electricity Board's new combined beat and power

munitions factory still to be Bulmer and Sun Valley. The scheme is advanced in concept and fits in with the kind of practical efficiency local industry thrives on.

The longstanding Liberal influence in Hereford, which regularly returned MPs of that persuasion until just after the itself with Liberal gains in the local elections .

Although this is unlikely to mean radical changes, because the Liberals were already the dominant party in the Council. local Conservatives cannot be with more than balf of the 300- station, which provides steam too complacent about the safely-acre site of the former at comparatively low cost for of their MPs.

# High hopes for Miss Neustrie

blast area.

THAT POPULAR and accomp- Dakota, did extremely well in lished Northern jockey, Jimmy her first aeason. Bleasdale, who has been sidelined for the past five weeks with a broken ankle sustained et Pontefract, returns to a double stint today.

Bleasdale resumes in the afternoon at Thirsk, where be bas notched up a number of

RACING BY DOMINIC WIGAN

noteworthy victories, before driving porth to Hamilton'e evening meeting. I am hopeful that Wallawalla will return him to the winner's enclosure after the Yorkshire course's Gordon Foster Stakes. Guy Reed's Amber Rama filly.

a half-sister to a number of

Scotland — L10-1.15 pm The Scottish News. 5.55-6.20 Reporting Scotland. 10.15 Living Legends. 10.45-10.50 Regional, National News.

Northern Ireland-3.53-3.55 pm

Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 Gallery. 10.45-10.50 Regional, National News. 12.25 am News and

Weather for Northern Ireland. England — 5.55-6.20 pm Look East (Norwich); Look North

(Leeds, Newcastle); Look North-

west (Manchester); Midlands To-

day (Birmingham); Points West

(Bristol); South Today (South-

emptoo); Spotlight South West (Plymouth). 10.15-10.45 East

(Plymouth). 10.15-10.45 East (Norwich) Weekend; Midlands

(Birmingham) Straight Talk; North (Leeds) The Enemy Camp;

North East (Newcastle) Most

Heroic; North West (Manchester).

when just holding off another smart animal in Fine Sun over 104 furlongs at Haydock.

Wallawalla, a respectable fifth when a 20-1 chance for the XYZ Handicap on ber one previous outing this term, can land the feature event by taking advantage of the 13 lhs she receives from the recent four lengths Newmarket winner, Sentry Duty.

It is not often that the Aga Khan is represented at Thirsk. and hackers are advised to note a market move for Miss Neustrie in the Elmire Maiden winners including Warpath and Fillies Stakes.

10.30 Soap.
11.00 The Loodon Programme:
The Death of Blair Peach.
11.45 Luke's Kingdom.

12.45 am Close: Personal choice

with Dame Peggy Asbcroft. All IBA regions as Loodon

except at the following times:

ANGLIA

8.30 sm Off on a Cornet. 10.15 The
Coral World. 11.95 Chopper Squed.
11.55 Cartoon. 1.26 pm Anglia Naws.
2.45 Houseparty. 3.15 The Quiz Kid.
5.15 A Sharp Intake of Breath. 8.00
Abour Apolia R 90 The incredible Hulk.

About Anglie. 8.00 The incredible Hulk. 10.30 7 Cays. 11.00 Friday Late Film: "The Man Hunter." 12.45 am

ATV

9.40 am Spinnolic. 9.50 Sesame Street. 10.50 The Wild Wild World of Animale. 11.10 Chopper Squed. 1.20 pm ATV Newadosk. 2.45 "Swanes River," starring Al Joison. 6.15 Happy Osys.

6.00 ATV Today, 10.30 W.K.R.P. In Cincinnati, 11.00 ATV Newsdask, 11.05 The Friday Film Fentastic: "Soylent Green," starring Charlton Heaton.

BORDER

9,30 am Seame Street, 10.25 Focus
on Wildlife. 17.05 Chopper Squad.
1.20 pm Border News. 2.45 Houseperty.
3.15 Quiz Kids. 5.15 Fanghes. 6.00
Looksround Friday. 6.20 You're Only
Young Twics. 8.00 The Incredible
Nulk. 10.30 Leading Ledy. 11.00 Friday
Night Movie: "Dasth is a Woman."
starring Patsy Ann Noble. 12.26 am
Border News Summary.

CHANNEL

CHANNEL

1.20 pm Channel Lunchtime News.
What's On Where and Westher. 2.45
The Friday Madrice: "Letters From
Three Lovers." So Peport at Zix. 2.35
Ledies First. 8.00 Veges. 10.28 Chennel
Late News. 10.38 One Man's Mesic.
10.55 TV Movie Premiere: "Rituel 0/
Evil." 12.40 am Naws and Weether in
French

GRAMPIAN

GRANADA

While Bleasdale, Hide and Raymond are busy at Thirsk. The short-head conqueror of most of the country's top Glen Dancer over seven fur- jockeys can be found at Kemplongs at Ayr on ber racecourse ton, where Miss Neustrie's debut, in which she won from stable companion, Broad what appeared to be an impossible position, Wallawalla again won by the minimum distance Michael Stont's three-year-old

seems sure to go well, without, perheps, proving good enough to concede 11 lbs to the everimproving Double Florin, KEMPTON 2.00-Luxulam 2.30-Ballacorey

3.00—Double Florin 3.30-Tarvie 4.00—Wilton Beacon
4.30—Mekayla 5.00-Salthouse THIRSK

2.45—Cider Man 3.15—Wallawalla\*\* 3.45—Miss Neustrie\*\*\* 4.15-Markie

Report Satra, 111.05 The Friday Film: "Psyche '59." "Psyche '59."

HTV Cymrd/Wales—As HTV West/HTV General Service except: 11.55 am12.10 pm Mistar Clai. 1.20 Panawdsu Nawyddion Y Oydd. 1.25-1.30 Report Wales Headlines. 4.15-4.45 Antur A Chemp. 5.15-5.45 areakers. e.00 Y Oydd. 6.15-5.30 Report Weles. 10.3511.05 Eisteddiod Genedlaethol Yr Urdd Bro Colwyn 1980.

SCOTTISH

9.30 am Nature of Things. 10.00 Plain Speaking, 11.00 Neture of Things. 1.20 pm News and Road and Weather. 2.45 Friday Metinee: "Or. Cyclops." 5.15 Mork and Mindy. 8.00 Scotland Todey. S.30 Emmerdule Farm. 8.00 Streets of Sen Francisco. 10.30 Ways and Means. 11.00 Late Call. 11.05 Late Night Movie: "The Wicker Man."

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Thurs. at 3.00. TONY SERTITON, LIZ
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SOUTHERN 2.30 4th Untured World. 8.55 Rush. 10.50 Poetry of Landscape: Thomas Hardy. 11.10 Survival Special. 1.20 pm Southern News. 2.45 Houseparty. 3.15 Quiz Kids. 5.15 Happy Days. 6.00 Oey by Osy. 6.00 Scene South East (South East Area only). 6.30 Southern Report. 8.00 Streets of Sen Francisco. 10.35 Opinions Unlimited. 11.05 Sosp. 11.25 The Lats. Late Premiers: "Fifty Fifty." APOLLO THEATRE S. C.C. 01-437 2663.
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GOUGH, PHYLLIS CALVERT IN BEPORE
THE PARTY by Rodney Ackland. Story
by W. Somerset Maugham. Directed by
TOM CONTI.

TYNE TEES

9.20 am The Good Word followed by North East News. 8.30 Everyday Lits in the Arctic. 5.55 George Namilton IV. 10.20 Celebrity Concert (Engelbert Humperdinck). 11.10 Nature of Things. 1.20 pm North East News and Lookaround. 2.45 Friday Matines: "Take My Lite." 5.15 Happy Oays. 2.00 North East Naws. 6.02 Sportstime. 8.30 Northern Lite. 8.00 The Incredible Hulk. 10.30 Narth East Naws. 10.32 Friday Live. 12.30 wm Epileous. Liva. 12.00 W.K.R 12.30 em Epilegus.

ULSTER 10.10 am Sesame Arrest. 11.10
Tarzan. 1.20 pm Lunchtime. 2.45
Friday Matines; "Operation Authorise. 4.13 Ulater News Nasdiness. 5.15 Mork and Mindy. 5.00 Good Evening Ulater. 2.00 Vegue. 10.29 Ulater Waather, 10.30
Sportscoat. 11.00 Witness. 11.05 Friday Film: "Stalk the Wild Child." 12.25 am Redtime.

WESTWARD WESTWARD

9.35 m Untamed World. 10,00
Refrigaration Keeps. 10,20 Mr. Magoo.
10,30 Feature Film: "Thunderbirds Are
0o." 1,20 pm Westward News Headlines. 2,45 The Friday Matinee: "LettersFrom Three Lovers." 4,12 Gus
Noneybon's Stridays. 5,00 Wastward
0iery. 8,00 Vegas. 10,32 Westward
Late News. 10,35 Sportsline. 10,55 TV
Movie Premiers: "Ritus! of Evil."
12,40 em Faith for Life. 12,45 West
cost. GRANADA

8.30 am Sessme Street. 10.25 Clue
Club. 10.45 The Outsiders. 11.35
Untamed Frontier. 1.20 pm Grenade
Reports. 2.00 Live trom Two. 2.45
Friday Metimes: "Operation auliehine."
5.15 Granade Reports. 2.00 Granade
Reports. 2.30 This is Your Right. 6.35
Crossroeds. 11.00 Public Office. 11.30
Nouse, of Norrors: "The Abominable
Or. Phibes."

YORKSHIRE Nouse of Norrors: "The Abominable Office. 11.30 of Philose."

HTV

9.30 am Animated Classics. 10.10 Wild, Wild World of Animats. 10.35 Friday Film Marinos: "The Chopper Squad. 1.20 pm Calendar News. 2.45 Film Films Marinos: "The Chipper Film Marinos: "The Chipper Squad. 1.20 pm Calendar News. 2.45 Films Films Marinos: "The Chipper Hundrede." Starting Cecil Ferker and 11.25 Four Nations Taumament. 11.50 A.E. Matthews. S.15 Sailey's Sind. Larry the Lamb in Toytown. 1.20 pm Report West Naedlines. 2.45 The Friday Motines: "Cyberg 2057." 5.15 Seiley's Saind. 2.00 Report West. 6.30 Emmerdale Ferm. 8.00 A Man Celled Sicans. 10.35 Fridey Night Film: "Stind Terror."

5.00 am As Redio 2 5.30 Rush Hour. 10.03 The Robbie Vincent Tele-phone Programme. 1,03 pm London Live. 4.30 London News Deak. 5.35 Look, Stop, Listen. 7.03 Sleck Londoners. 8,00-5.00 am Join Radio 2.

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24 AMERICAN GIGOLO IX). Pross. 1.16. O \$155 NITH THE WIND IAL SMETT CONE WITH THE WIND IAL SMETT 15. 21.54 NO. ECING OF THE GYPSIES IXL Prose-THE LORD OF THE RINGS (AL. Sep.) LASSIC, Leboster Square, 01-930 8915; THE VICTORS 70, 2:30 5:50, 9:05; TEXAS CHAIN-SAW MASSACRE (X London), 1:00 (not sun.), 4:10, 7:25. CURZON. Curzon Street. W1. 429 3727, GET OUT YOUR MANDKERCHIPTS. CQ. Enoish subtitle. Procs. at 1.45 mot Sunt. 2.55. 6.10 and 8.30; LAST WEEKS! DOEON RAYMARKET (930 2738-2771), THE TIN DRUM (X). Seo. 07005. Wis. 1.30, 4.50. 8.18, Sen. 4.30, 7.45. Lette May be booked at 800 Office.

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# F.T. CROSSWORD PUZZLE No. 4,284

ACROSS 1 Not all the cast aplit up

(4, 7)7 Airmen reverse a long way

9 Earlier pair with one alternative (5) 10 Old fasbioned member in position at Lords (6, 3) 11 Flirtation by daughter with

union (9) 12 College window (5) 13 Operate with cast that's lazy

15 Drink left to duck (4) 18 Available supply of amusement died (4)

20 Member of force who will never make general (7) 23 At 5 to 4 one is having a psychological advantage

(3. 2) 24 Soldier defends valet (9) 26 Chance to keep off food

during meai (9) 27 Ought wine producer to like sbeep? (5)

28 Connect some of counties north of London (3) 29 Book 11 seconds (7, 4) DOWN

part of Ireland (4. 4) 2 Banter expected from train enthusiast (8) 3 Blimey - soldier with a dog

1 Shut up in puffer going to

4 Activities in lodge made of stones (7)

9.00 News. 9.25 Starsky and Hutch. 10.15 Rosie (London and South

6.20 Nationwide.

7.00 It's a Knockout. -7.50 Citizen Smith. 8.20 The Sun Trap.

8.50 Points of View.

East only). 10.45 Regional, National News. 10.50 The Late Film: "Here We Go Round The Mulberry

Ritwits. 4.40 The Red Hand Gang, 5.10 In the Limelight with Lesley, 5.35 The Wombles.

5.40 News.

5.55 Nationwide (London and South East only).

South East only).

South East only).

South East only.

Bush," starring Judy Geeson. All Regions as BBC-1 except as

Cymra / Wales -- 1.30-1.45 pm

3.55 Play School (as BBC-2 11.00 Bys a Bawd 4.404.45 Crystal am). 4.20 Baggy Paots and the Tipps and Alistair. 4.45-5.10 Nitwits. 4.40 The Red Hand Babol Bach. 5.55-6.20 Wales

5 Shrewdest airman has ahout-

6 Glass for beery crime squad

7 Prince sounds in need of in-

8 Soldiers get severe wind up

14 Rod used to inflame boss in

16 Unwavering attitude taken

17 Apple that is orange in

20 Gunman on track of athletes

21 Set of teeth at fighting (6)

22 Hard always being in south-

25 Crowd took the wbeel (5)

Solntion to Puzzle No. 4.283

S S C R G

by company to one of its

Wheo to ride to hounds

during heat of year (3, 4).

turo over exam (7)

(4, 2, 3)

centive (6)

over feast (6)

products (4, 4)

palace (8)

game (4, 5)

Hôme Ground: South (South-ampton) The Pembrokes of Wilton; South West (Plymouth) The Brainweve Memory Bank; West (Bristol) Movie Magic. BBC 2

6.40-7.55 am Open University. 11.00 Play School. 4.00 pm Cricket: England West Indies. 6.55 The Collier's Crusede. 7.25 Mid-Eveoing News.

7.35 Gardeper'a World.

8.00 Robbie. 8.30 The Royal Academy Sum-9.00 Sing Country. 9.40 Playhouse.

+12.00 The Outer Limits.

10.55 Newsnight.

11.30 Cricket: England v. West Indies (highlights).

+12.00 The Outer Limits.

LONDON

9.30 am Ten Times Empty. 9.55

A Big Country. 10.20 Last of the Store Age Men. 11.05 Store Hope. 11.05 Store Age Men. 11.05 Store Hope. 11.05 A Big Country. 10.20 Last of the Stone Age Men. 11.05 Story Honr. 11.55 The Bubblies. 12.00 Songbook. 12.10 pm Once Upon A. Time. 12.30 The Special Child. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 For Maddie with Love. 2.00 After Noon Plus. 2.45 Friday Matinee: "Things In Their Season." 4.15

Worzel Gummidge. 4.45 Magple. 5.15 Emmerdale Farm. 5.45 Newa. 6.00 Thames News. 6.30 Looks Familiar. 7.30 The Other 'Arf.

8.00 Hawaii Five-O. 9.00 Turtle's Progresa. RADIO 1 (S) Stereophonic broadcast #Meditum wave 5.00 sm. As Radio 2. 7.00 Osve Lee Travis. 9.00 Simon Sates. 11.31 Paul Surneb. 2.00 pm Andy Peebles. 4.31 Kid Jensen. 5.30 Nawabeat. 5.45 Roundtable. 7.30 Anne Nightingels. 3.50 Nawabeat. 10.00 The Friday Rock Show (S). 12.00-5.00 sm As Radio 2.

RADIO 2 5.00 am News Summary. 5.03 Ray Moore (S). 7.32 Terry Wogan (3). 10.03 Jimmy Young (5). 12.03 pm Oevid Hemilton (S). 2.03 Ed Stawart's Raquest Ahow (S). 4.03 Much Mora Musia (2). 5.00 News. 5.05 Weggonera Welk. S.20 Moch Mora Musia (S).

VHF—with Medium wave except as follows—6.00-7.00 am Open University. 10.40 Young Artista Recital (S). 11.40 8BC Welsh Symphony Orchestrs (S). 1.00 pm News. 1.05 18th Century German Virtica and Lute Music (S). 1.45 Tehankovsky (S). 2.30 A Revolution in Pollsh Music (S). 3.20 Secred Gerden of Delights (S). 4.20 20th Century Piens Music (S). 4.55 News. 5.00 Melnly for Pleasure (S). 8.20 Open University, 7.00 Janacek String Quartet No 1 (S). 7.25-7.30 Play II Again. (S).

Again. (S).

Oevid Hemiliton (S). 2.03 Ed Stawert's Request Show (S). 4.03 Much More Music (3), 5.00 News, 5.05 Weggeners' Walk, 5.20 Moch More Music (S). 6.03 John Ounn (S). 3.52 Ally Pally Pops (S), 3.55 Sports Oesk, 10.02 Merks In his Diary, 10.30 The Organist Entertains, 11.02 Brian Matthew with Round Midnight, 2.02-5.00 am You and the Music (S). RADIO 3

6.55 am Westher, 7.00 News, 7.05 News, 10.05 This Organist Concert (S), 8.00 News, 8.05 This Concert (S), 8.00 News, 8.05 This Week's Composer, Nielsen (S), 8.55 Sac Northarn Ireland Onchestra (S), 10.40 Cricket: England v West Indias, 7.30 pm Plantus, Lsi and Sequence (S), 8.55 Sive and Sequence RADIO 4

news. 5.00 News. 6.30 Geing Pisces. 7.00 News. 7.05 The Archers. 7.20 Pick of the Wesk (S). 2.10 Profile of Dr. Edward de Sono. 9.20 Any Questions? 9.15 Letter from America. 2.30 Keisidoscope. 9.59 Westher. 10.00 The World Tonight. 10.26 Week Ending (S). 11.00 A Scok at Sections. 11.15 The Finencial World Tonight. 11.30 The Week of the Royal Charter. 12.00 News. BBC Radio London

فكذامن الكصل

### THE ARTS

Cinema/Cannes

summe

# People before politics by NIGEL ANDREWS

Kurosawa and Bob Fosse shared the Goldan Palm this ear for Best Fllm, but it was quite another phenomenon that took the eye at Cannes in 1980. No one could have expected a film festival stoked with new films from Godard, Resnais, Losey, Bellochio and others not to have sent up a few military. to have sent up a few militant red flares into the aky, hacked by tha martial strains of the Internationale. But if Cannes 1980 proved anything, it was that the tub-thumping Marxism of European cinemo in the late '60s and most of the '70s has well and truly retreated, and film-makers have started once again to take an interest in people rather than politics, in individual problems rather than collective panaceas.

There was even a transfigured hint of soap-opera that derided bastion of TV humanism, in film like Alain Resnais's Mon Oncic d'Amerige and Maurice Pialat's Loulou, two of the best in the competition. Each offers us a serpentine saga of human relationships and crises—sla-loming in and out of love, pregyet lifts it above the platitudinous by a tart originality of treatment.

different backgrounds—a young actress, a peasant who makes, good, a bourgeois husinessman and shows how upbringing, conditioning and social reflexes mould their behaviour at every crisis point in their lives. It's like a laboratory experiment with human beings, and Resnais actually based his movie on the teachings of biologist Henri Laborit, who commentates and appears during the film.

It is easy to be taken aback by the rapid-fire didacticism that sometimes results: especially Resnais cross-cuts-Laborit's experiments with rats in a cage with scenes of Gerard Departieu. (the peasant) or Roger-Pierre (the husinessman) coping with the rat-race of careerism. (To Italicise the point he even gives them rats' heads in one scene.) But Res-nais quickly converts the sceptic. For one thing the surreal intercutting is as witty and provoking as you would expect from the time-chopping director of Last Year In Marienbad. For of Lost Year In Marienbod. For another, far from using social Godard, who has spent the last and biological determinism to attack the notion of buman free down the cul-de-sacs of Maoist will per sc, Resnais's point is politics and TV visual experibere like a magic-lantern ascent in a balloon shaped like that we should have that free mentalism, has returned to the glimpse into history. Shafts of a giant nude.) Whatever hapdom on knowledge rather than bigh road of feature film-making dawn sunlight radiate like pened to that poet's-magic that

Loulon injects

Those visiting the graveside may doposit thair hunch of flowers and bow thair heads in two minutes' silence. The headstone reads, "In memory of political cinema, May, 1968 to May, 1980."

strength and novalty into tha human flux of his story—a young girl (Isabelle Huppert) to's and fro's hetween two men, one her older three-year lover, the other (Depardien again) a macho, bar-haunting layahout one her older three-year lover, the other (Depardien agaln) a macho, bar-haunting layahout— hy, unlike Resnais, offering no mental or moral gloss on the emotionalism. Loulou has the neutral immediacy of a newsreel. It's a dispatch from the front-line of the sex war, in which the last words are "Je. comprends rien" and in which behavioural time are with first are are with first are with first are with first are are with first are with a with the same behavloural tics are writ fierce and large across a winding, vivid. Stygian backcloth of Paris life. It's a riveting picture of three human castaways, buffeted bither and thither by the un-charted currents of their own feelings Three other Cannes directors

who cored their work for once of any overtly political centre were Godard, Bellochio and Mrnal Sen. Bellochio has moved from the revolutionary rallying-cries of earlier work like In The Name of the Father to the more humanist, if no leas quirky and agitato, Leap Into The Dork. Michel Plecoli and Anouk Aime play a middle-aged brother and sister living in spinsterly domesticity in a gaunt Rome apartment. Into their lives one day jumps a Dionysian young actor (Michele Placido), who spirits Anouk out of her chaste resignation and into love and drives the jealous Piccoli into a despair that's part-Resnais intertwines the tales puritanical, part-incestuous.
of three French charactars from fetaoin shrdlu cmfwyp vbgkqjm

By turns the movie seems like a modern-dress Bacchae — with Piccoli as Pentheus, fulminating against liberty in an apron-and a tragicomic renovation of Bellochio's debut portrait of family dementia, Fists in the Pocket. Either way it is a gem, flawlessly acted and with the dotty, scherzo-like rbythm that is uniquely Bellochio's.

Mrinal Sen's Quiet Flows the Day, from India, is a feminist fgable-in-miniature about a middle-clas family, living in bedraggled gentility in a peeling. Calcutta tenement, Emotional havoc is wrought one night when their oldest daughter and only hreadwinner fails to return home. Has she been kidnapped? Murdered? Hhas she eloped? Sen watches the fears and feelings flicker across his characters' faces, and shows how puritanical tut-tutting and fear of penury mesh in an insidious clash of values. It's a slow. austere but compelling film.



A scene fgrom Kurosawa's 'Kagemusha'

a reeking battlefield.

senses as richly as any.

weight and bric-a-brac as it

paper-thin fable labouring

under a gigantic superstructure

of Fellini film-flammery. The movie looses a bewildered-loking Marcello Mastroianni

into the wild and wicked world

of Women: with first a visit to a

bizarre Art Deco hotel where

rampant Feminists storm and

stomp, then a night in the lavish

villa of an ageing Don Juan (Ettore Manni), who has filled

his walls with erotic momentos

and his saloons and corridors

with the party-babble of beauti-

gave Roma and Amarcord—for all their free flow of visual splendour-an inner harmony,

a sense of shadows and mystery

that are totally missing here?

ful women,

alas, for the film itself. Slow wounded borses and men roll in Motion is a cryptic, hlotchy movie whose star cast-includmovie whose star cast—inclinding Nathalie Baye and the mooch through the familiar Godard milieux of prostitution, cafe colloquies, car rides and talk, talk, talk, without ever engaging with a discernible subject or with us. Let'a hope Code of with us. Godard's next attempt to woo the Great Public is more ingratiat-

As film-makers on all sides at Cannes this year shunned the ever more like a runaway circus political arena, it was a perfect caravan, that gathers extra year for the Old Maestros to come trooping back and present snowballs along. City of Women presents us with a their newest wares, heedless of whether or not they were ideologically à la mode.

Kurosawa's Kagemusha (The Double), co-winner of tha Golden Palm, is the first film the Japanese director has made in his native country for ten years. Not for lack of ideas but for lack of finance. In these penurious days for Japanese cinema, It took Francis Coppola and George Lucas, no less, to secure hacking for Kurosawa's \$6m costume epic by arranging a worldwide distribution deal well, bere's the film and it's on; until you're half-deaf with

magnificent. Any fears of dnbbed Italian forfissimos and hardening artistic arteries in Japan's 70-year-old myth-maker are banished by the wondrous pictures that follow each other helter-skelter followed by an here like a magnificant statement on; until yon're half-deaf with dnbbed Italian forfissimos and half-blind with Felini's try-any-thing visual fireworks. (We even have a trip down a fantasy pictures that followed by an dom on knowledge rather than hopeful ignorance, by learning and even deigned to grace the just where and how our own Caunes Competition, which he flickering silhouettes of soldiers psyches fight to limit our helped to close during less marching to war: a warrior ontions. Praise be for that but not, spears like a startled porcupine:

The American entries a slow-motion death-dance across Cannes, including Bob Fosses' All Thot Jazz which shared the Kurosawa doesn't engage tha Grand Prix, will soon he opensimple emotions as readily as ing in London. - More of them directors—this Machialater: except to note that the vellian tale of a dying clan-leader's "double," picked to hest of the bunch pace the take his place after death, is Cannes Jury, was Samuel Fuller's The Big Red One, a stir-ring piece of slam-bang war-movie primitism from Hollytypically aloof and lahyrinthine -but be beguiles the mind and including Federico wood's veteran independent. Fellini. Fellini's work becomes They don't make films like this any more and one sometimes

wishes they would try. Finally, on the festival fringes, one movie that some enterprising British distributor should dig deep into his pockets to buy. It's Joseph Losey's Don Giovanni and it is the operamovie par excellence: a baroque, springy, fabulously inventive version of Mozart shot in lusb Italian locations (Palladian villas, Venetian canals) and hoasting a starry cast including Kirl Te Kanawa, Teresa Berganza and Ruggero Raimondi. The perennial horrors of operaon-screen, from poor lip synching to unwanted close-ups of quaking tonsils, are here cured hy free-flowing camerawork, fine acting and visual images as strong and beautiful as the music itself.

ICA/Soho Poly

# Lunchtime theatre

by MICHAEL COVENEY

هكذامن الأحل

Two very different aspects of another symptom of male lunchtime theatre were on view chauvinistic sexuality. I just do in London this week: the job not understand the feminist dona at the basement of fringe loathing of social and bodily dona at the basement of fringe activity in ancouraging new groups, and the mundane chore of keeping a respectable venue, the Soho Poly, ticking over with work less than good but more than promising. The new group at the ICA is Beryl and the Perils, an enormously energetic the ratrace and free to contribute the solution of the ratrace and free to contribute the solution of the ratrace and free to contribute the solution of the ratrace and free to contribute the solution of the ratrace and free to contribute the solution of the ratrace and free to contribute the solution of the solutions most unliberated women accept and opening the enjoy.

The weakness in partial views of liberation is that they are politically nalve and inevitably smug. If men control the despited to the solution of the solutions most unliberated women accept and even enjoy.

The weakness in partial views of liberation is that they are politically nalve and inevitably smug. If men control the despited to the solution of the solutions most unliberated women accept and even enjoy. Perils, an enormously energetic feminist co-operative using cartoon techniques to hang home a message that is normally the preserve of high-minded and down-in-the-mouth companies.

Although Beryl and her hums are allegedly in space, Wot's Cooking is the familiar mélange of feminist anti-feminity, with its sideswipes at women's domestic role, maternal functions and ideals of beanty. Four girls in plastic jump-suits spuriously, portray gynnecologi-cal treatment in hospitals as

the rat-race and free to contrihute in others ways. Only ectresses on Arts Council grants can afford the luxury of holding their fellow women in contempt.

That said, Beryl and the Perils are an Invigorating new force and deserve hetter material and the attentions of a director who will force them to think their material through and not sit hack playing to friends and converts in perpesqueeze spots, don derisive wedding tutus and, somewhat lous and they have a freshness spuriously, portray gynaecological and spontaneity weefully lacking on the fringe in general.

Case to Auswer at the Soho Poly. At a length of one hour, Liane Aukin's production is 20 minutes too long, lacking in dramatic surprise and curiously predictable. Again, Miss Wer-tenhaker's play is a feminist tract, but one that at least places the value of personal theoretical view of the world. That, in fact, is the central ten-sion between Sean Barrett and Fiona Walker, who play—very well—a Marxist intellectual with his head in his Gramsci and a frustrated architect who, after decided to take action against a sustained but unwittingly inflicted term of sexual imperi-alism. The writing combines felicitousness and contrived argument in about equal proportions and the whole is con-tained within the strategy convention of a murder attempt.

Spontaneity is not the word

that springs to mind in consider-ing Timberlake Wertenhaker's

Theatre Royal, Bath

# Il barbiere di Siviglia

by MAX LOPPERT

Bath Festival again turned to the Royal Northern College of Music, this time for the production of Paisiello's Borbiere—the "other," earlier Barber— reviewed in these pages by Elizabeth Forbes after the Mancbester premiere last December. In festival terms, the venture was justified as an interesting of resilient and attractive but the promise is real. historical exercise, perbaps less so as a fully rounded perforone of the most advanced of our afforded an enjoyable evening-

operatic comedy, was felt to be intermittently lacking. A brilliantly ingenious revolve Pascoe: hut the young cast were made to work rather hard in mastering its twists and turns, and this, in conjunction with opera was given in the original opera, when the need to hold Italian; as the story is widely his singers togather was less familiar this was perhaps less pressing, that the student deleterious than in most orchestra under David Jordan operatic comedies, but it can showed its best quality. A hardly be claimed that the delivery was either polished or idlomatic. There must be a good deal

essential substance in the opera, hecause despite the above quali--while the College is fications, Monday's performance opera schools, the proper one quite soon stopped hanker-stylistic guidance, of the kind ing after the greater instru-greatiy desirable in steering mental brilliance, the pithier students through the trap-bestrewn field of 18th century, comic verve, of Rossini, and began to attend with increasing pleasure to Palsiello's own small but definite musical inset had been designed by John vention. The arias in semiserious, vein, notably Rosina's E flat caratina at the close of the first act, are both elegant and poignant in expression people who know only the busy

For its opera presentation the inexactly applied energy. The the slower passages of the word, too, for the pretty, sweet-toned Rosina of Alison Barlow; the voice still wants smoothing and evening out along its range.

> Arts Council drama advisory panel

The Arts Council bas appointed a new chairman and six new members of its dance advisory panel. Noël Goodwin, the writer and broadcaster and member of the council, has been chairman.

The new members are John Chapman, David Dougill, Gale Linda Ro tte Sibley, Zow, Linda Antoinette Sibley Anthony Van Laast

Continuing to serve on the panel are John Drummond, the primping, smirking turns people who know only the busy Continuing to serve on the which the producer Malcolm chatter of La serva padrona panel are John Drummond, Fraser had invited bls players might be surprised at this side Margaret Dunn, Stuart Hopps, to essay, left a slight feeling of of Paisiello's talent. It was in Jan Murray and Annette Page

### Cinema/London

# White sunset, red dawn

A Slave of Love (A) King of the Gypsies (AA) The Wanderers (X)
ABC 1 Shaftesbury Avenue Hide to Plain Sight (A) Ritz

better forgotten than remembered, let alone regularly celemoment of historical spasm pan into the Communist fire, where they are sizzling unhappily to this day. Nikita Mikhalkov'a A Slave of

Love is one of those teasers for a critic: a delightful movie with a detestable message. Here you watch a movie cast and crew sweating out an Indian summer in the Crimea during fateful 1917. Olga, the beautiful star (Elena Solovey), wants only to hotfoot it to Paris once the film wrapped, as the news of the Revolution filters ominously south. But cameraman Potosky (Rudion Nakhapetov) is busy both courting and politicising her. Will the secret footage he has shot on stolen stock depicting White Guard barbarities be cnough to rally her to the Bolsbevik cause?

Heigh-ho, the summer-pretty photography, quicksilver editing and winning comic ways lead us down a honeysuckle path toward the Hammer and Sickle. In fairness Mikhalkov and his scriptwriters, Friedrich Gorenstein and Andrel Mikhalkov-Konchalovsky, have bent over backwards, or at least sideways, to sketch these Tsarist rellcs of movle-making bumanity with sympathy: "Children forgotten in the nursery while the house s on fire," someone says. And there's a neatly played-up parallel between the semaphored absurdities of popular silent cinema, with their moustachioed villains and popeyed damsels-in-distress, and the illusionistic lives of characters hoping that the pre-Bolshevik

summer will never end.

Gate 2 nothing? Doubtless it has, but the Party puts a discreet gag on any attempt to disseminate such lessons. Slave of Love is a clever film, with colour, irony, fun and a Chekhovian sense of bitter-sweet bopes. It has at least the virtue of showing that Russia can put together a watch-Some "new dawns" are able movie when it wants. (As opposed to only when it doesn't want, as with Tarkovsky and brated. The Russian Revolution, Paradjanov.) But it's a brittle, you might think, is one such: a thin-ice charm the film boasts. If you skate with sharp blades when an entire population was too near the centre, the struc-tossed out of the Tsarist frying- ture can collapse and plunge you in the icy disenchanting waters of historical reality.

Glory ha, what's this? Shelley Winters as a Gypsy mama? All in brown-face and hustling her busband Sterling Hayden from a detestable message. Here you may see in honeyed, balcyon a fracas in a Romany encampcolours the last twitchings of ment? And who's that as her progress "diettantism" as we watch a movie cast and crew granddaughter? Isn't it Brooke (Pretty Baby) Shields?

In King of the Gypsies the irresistible force of Hollywood plagiarism meets the immovable object of a miscast cast and a script firing on few or no cylinders. Shamelessly ripping off The Godfather, this torturous tale of patriarchal clans and vendettas flounders across America from state to state, imbroglio to imbroglio as dying Gypsy "King" Hayden tries to steady his tribe and prepare for the succession. The reluctant heir is his grandson (Eric Roberts), a handsome, street-wise youth anxiously trying to de-gypsyise himself and adjust to life in the 1980s. But he reckons without Grandpa's growing persuasiveness, cursing the hospital drip-feed as he hlesses and belabours his grandson; or mother Susan Sarandon, trying to hold the family together while cutting a demented capar with her Conse demented caper with her Gypsy

Writer-director Frank Pierson, last-heard-of policing Barbra Streisand and a cast of hundreds through A Star is Born, is up against it again bere. The plot lacks focus, the dialogue lacks conviction and the hero lacks magnetism. Travolta, one bears was originally wooed for the role and might have given the movie a centrifugal magic. As it is,



Gypsy fiddler who pops np ever and anon to bow his way across the skyline, like Stephan Grapelli silhouette-drawn by Lotte Reininger. Elsewhere, a turgid havoc reigns and plausi-bility is butchered to make a Romany hollday.

The Wanderers, set in 1963 New York gang-land, is scarcely less shaky and shell-shocked a panorama of American life. But at least director Philip Kaufwho made Invasion of the Body Snatchers, has picked up one or two scenes by the scruff of their necks and woken them into sudden, brilliant sense. Just when the film starts drifting into the inanely formulaic—a cross between The Worriors and American Graffiti, with corps de ballet gang-warfare jostling with loose and homey vignettes of teenage life—Kaufman spirits up a streamlined nightmare. One gang, yelept the "Ducky Boys," are a spine-chilling corpus of proto-punk combies, dwelling nuder the El in mist-swathed immobility and spelling quiet doom for any rival gangs who stray into their

Mostly, however, we're stuck with the Baldies and the Wanderers. By their hair ye shall know them. The first don't have any; the second wear theirs quiffed and duck-tailed and thick with grease. As the two gangs stomp and stret through the Bronx streets, sparring whenever their paths cross, the But bas 60 years of Soviet a centrifugal magic. As it is, soundtrack croops with the Communism, in the foul reality almost the only unitying motif inevitable medley of period pop rather than the fair promise, in this narrative sprawl is the sough and Male Chauvinism

walks tall in the pre-Women's Lih dawn. (Indeed the only girl not kept firmly off the streets is the Chief Baldie's amour, a pint-sized moll who squawks heavy-duty obscenities and looks her lover squarely in the navel).

This is film-making by numbers : coloured in with little bits of yesteryear's movie chart makers-here a dah of no. 1, there a patch of no. 3—and building up a piebald collage of cellulold borrowings. With, as intimated above, just a scene or two to suggest that Philip Kaufman can, when he wants, create his own wizardry rather than relying on that of others.

It really is a week for May-We - Borrow - Your-Movie-Ideas. Hide In Plain Sight was for aught I know conceived before, or simultaneously with, Kramer Vs. Kramer. But it certainly walks and talks like that movie, as if cloned from the cash-register-tinkling triumph of that paean to father-child devotion.

James Caan replaces Dustin Hoffman as the distrait pater-familias, bere striving to retrieve his two children who have vanished with their re-married mother incognito into the belly of America. Caan's ex-wife's new busband. you must understand, is a hoodlum who turned state's evidence against his Mafia contacts and has been put on a "Witness Relocation Programme": i.e. given the protection of a new joh and new identity in a place that the police will not reveal.

Caan not only plays the quest ing father, sleuthing through Albuquerque to Ann Arbor, but also directed the film. It seesaws between hright ideas and tousled indistinction. Caan's acting manner, that dithery naturalism with a grin like a nervous tie, rubs off too often on the filming style: a grainy, ingratisting verismo without shape and tightness. But one or two scenes suggest he has profitably set at the feet masters—notably Hitchcock a wonderful diminuendo track-back from a quarrel on a sidewalk—and suddenly in these the tension gells, the tale's genuine offbeat fascination (lt's based on a true event) casts its

NIGER ANDREWS

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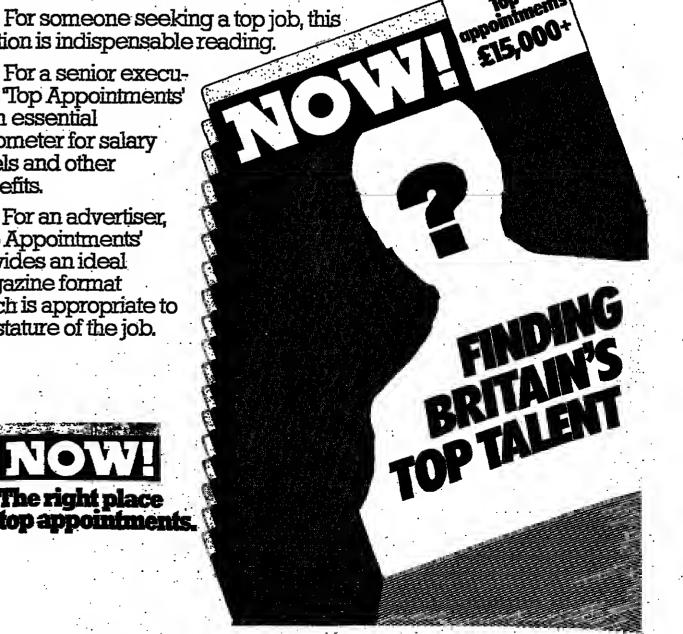
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## **FINANCIAL TIMES**

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Friday May 30 1980

# **Crowding out** new issues

THE GROWING evidence of an interest rates is the high level acute squeeze on corporate pro- of bank lending to the prithe permitted monetary growth. lending. Indeed, it is the pressure on on costs if it is to survive. This authorities see themselves as is not a safe or comfortable funding to offset private horrowapproach, hut tha policy is clearly biting.

### Unintended

However, sheer persistence is only one of the necessary ingredients successful economic management, and recent evidence from industrial surveys and forecasts suggests monetary discipline is now fully riot police. Government spokesthat the Government's poticy effective. could prove destructively harsh. This is partly, indeed quite for some effort to reduce the largely due, to mistakes the pressures. Two approaches are Government itself has made. through higher iodirect taxes pressure on the exchange rate and public sector charges have and the cost of overdraft serbelped to increase cost pres-vice; or to reduce funding sures, and the explosive rise pressure, allowing longer-term in public sector pay has dooe rates to find a lower level, in further damage. The inflation an effort to reopen long-term rate, and, therefore, interest capital markets to industrial rates, are far higher than the Government can bave imagined when it emberked on its present Revival strategy, and as a paredoxical result, sterling has appreciated strongly. The pressures of foreign competition and the bigh cost of credit have caught manufacturing industry in a

feroclous squeeze. The Government must therefore ask itself bow it can contrive some easing of these pressures without abandoning its central policy—for if monetary policy itself were relaxed to accommodate the follies of the past eighteen months, its influence for the future would lergely he destroyed.

While spending cuts and public pay restraint will help, It will he many months before these will offer any perceptible relief. For the short term, the question becomes a technical one of the means by which monetary control is being imposed. There is now widespread criticism in the City of two aspects of official monetary tactics: excessive caution over interest rates, and the conlinued ment's own deht issues.

for caution about short-term and safely.

fits, and a consequent sharp vate sector. Equally, it is to fall in industrial investment, is offset this lending that the in principle no surprise to the Government has been funding Government. The strategy of well in excess of its own horrelying on monetary restraint rowing requirement, to the point to check inflation always implied where it has repaid virtually all this result if, as happened in the official hank debt and is feeding event, industry proved unable the proceeds of funding back to to constrain its own costs within the banks to finance private

Argumants about cause and profits which is likely to force effect in the financial markets bloody events of Soweto in June industry to face the challenge tend to be insoluble. The 1976 seem to be happening ing; their critics argue that the and Asian, are rafusing to attend level of bank borrowing is the their classes. Belatedly, the result of financial pressure by authorities admit that there may the authorities. It is for this reason that policy is directed to net rather than grosa measures up from education issues 10 the the growth of the total whole question of political sterling money supply and of rights. There are sporadic domestic credit. On these tests clashes between children and

There should be scope, theo. often urged: to reduce aborttax cnts financed term rates directly, easing the

We have little doubt that the

most urgent priority is to reduce crowding out in the capital markets. Credit is now in not counting private borrowing hefore It is hatched. In any case, a monetary policy designed to prevent the distress horrowing which marks the onset of recession is unnecessarily destructive. Long-term issues should above all he avoided—especially since the fiscal prob-lem is essentially transitional, covering the period while oil revenues huild up. Issues, such as the most recent tap stock eimed at non-institutional huyers, would also help. The nationalised industries should he allowed the commercial freedom to devise new types of security which might reduce pressure in the fixed-interest market, and corporate hor-rowers should also be allowed freedom to innovate. In the crowding out of the London end it is a revival of long-term capital markets by the Govern-corporate finance which offers the hest hope of easing the The two problems are inextric- demand for hank funds and ably related. The official reason allowing rates to fall naturally

# Talking to the **Soviet Union**

made a number of miscalcola-Afghanistan. One of them was should deel with the Soviet that the volume of inter- Union and Eastern Europe and national protest would not be to what extent they should contoo great and would, in any case, soon die down. On the East-West initiatives. M. Gis-(false) analogies of Hungary card d'Estaing'a ill-considered in 1968 it thought that alter only propaganda gains for Mosthe initial shock relations with cow. did more than anything West would quickly get else to highlight these divisions. hack to husiness as usual,

### Sanctions

On the first point, the Western assessment is probably right. The strength of the in the West but in the Third World, may well bave taken tha by surprise. Now. bowever, five months after the event, the Soviet leaders may well be beginning to think they were right in assuming that the hue and cry would dissipate fairly rapidly. The Olympic boycott bas failed to reduce tha Moscow games to a Communist Spartakiad. American economic sanctions are unlikely to bave a major impact. the Islamic world'a attention is reverting to Its more traditional preoccupations in the Middle come under attack from the East (Israel and the Palestiand the countries of South West Asia have not rushed into the embrace of the

West-far from lt. The assumption that husiness an Afghan settlement against would soon revert to its usual concessiona in other areas such pattern has been fortified by a as arms control. renewal of high-lavel contacts with the West. The most spectacular of these has been Presiaecretly prepared visit to War. to reduce the risk of mutual saw to meet President Brezhnev. But that followed talks in dangerous juncture. In the Vienne hetween Mr. Edmund Mnskie, the new U.S. Secretary of State, and Mr. Andrei Gromyko, the Soviet Foreign Now, Chancellor Helmnt Schmidt has officially

confirmed plans to visit Mos-cow at the end of June. ft must be tempting for the Soviet leadership to conclude ences have arisen not only on son, to Mr. Brezhnev.

THE Soviet Union in the view specific issues like the Olympics of most Western analysts, and franian sanctions. They have also involved the wider invaded question of how the Alliea sult before taking individual 1956 and Czechoslovakia trip to Warsaw, which achieved

> Moscow will be making e mistake, however, if it regards Herr Schmidt's visit as further evidence of Allied disarray. Unlike M. Giscard d'Estaing. Herr Schmidt has consulted fully with his Allies and has timed his visit to follow next month's seven-nation Western summit in Venice. It is to he hoped that the Venice talks will serve two purposes. Herr Schmidt will have the chance to listen to the latest views of his major Allies; they, in tura, appreciate Schmidt's need to defend West Germany's particular interests and his right to conduct an

### Arms control

Herr Schmidt will doubtless opposition in West Germany if he returns from Moscow with no concrete achievements. But there should be no question of the West trading moves towards

The main purpose of Herr Schmidt's trip should he twofold. In the first place, con-Giscard d'Estaing's tacts, however frosty, can help misunderstanding

second, he will have the chance to demonstrate to the Soviet Union thet Western solidarity is greater than they may think. fn his own country, Herr Schmidt has been vigorously defending himself against accusations that he is appearing the Soviet Union, allowing himself to he separated from the that the worst is now over. Not Americans end weakening in only have contacts resumed but his commitment to the Allied they have done so against a decision to strengthen its hackground of increasingly nuclear firepower in Europe. obvious divisions inside the lt will be useful if he can con-Western Alliance. The differ- vey the sama message, in per-

# South Africa's cauldron gets up steam

BY QUENTIN PEEL, Johannesburg Correspondent

Coloured graduate aaid. workars.

The events of the past few an oppressive feeling: the Tens of thousands of again. meo insist that everything is normal . . . no need to panic. Then two children are shot dead hy police, supposedly in self-

Mr. Louis Le Grange, the debonair Minister of Police, declared at the beginning of this week that "apart from attempts to stage boycotts, and boycotting as such, and looting in some . . . areas, the general situation in South Africa can be described as normal." On the same day, as an insult to their own origin, two bishops and 51 fellow Moreover, they have been more clergymen were arrested hy riot police, and gaoled overnight. for marching through Jobannes-burg in protest against the detention of a fellow church leader—a known moderate and tightly enough restrained to prominent parent in the city's permit an experiment, at least, Coloured (mixed race) com-

munity. "We have always had crises, hut I think we are very quickly reaching a crunch point," Bishop Desmond Tntu, General Secre-tary of the South African Council of Churches, said on his release. The Rev. Sam Buti, a leader of the Africao section of the Dutch Reformed Church. spoke of a "volcanic situa-

Comparisons with the situetion before the Soweto riots are inevitable. As they then did. the protests hegan in the schools and spread. The uoderlying Issues are very much the same: inferior education, lack of facilities, had teaching, racial discrimination, uncaring official-dom. police brutality, and the denial of a political voice to all the younger generation of port to their children.

denial of a political voice to all the younger generation of port to their children.

In the protest has revealed a communities.

The protest has revealed a "We must not allow our action growing degree of co-operation, to hecome isoleted in the seek to restrain their children, keep its promises, and give us both between pupils and other schools." according to a pupils' hut complain they are not told a better share and a real politi- groups, and hetween different manifesto. repression: tear gas, hatons, says.

The Government has heeo

more disciplined. The Govern- Coloured people were

72 REALLY owe the more cautious and restrained, representation. It referred to a Sovernment a deht of There has been considerable "considerable degree of hitterrratitude," the young co-operation between Africans, ed graduate aaid. "They Coloureds and Asians, and much have given us a solidarity which wider support for the children we have never had before. There from the older generations is an upaurge of self-confidence within their own communities. throughout the community Moreover the spreading school which involves everyone: school boycott bas coincided with a cause of discrimination," and children, parents, teachers and wave of illegal strikes among rural and industrial workers. .

The major underlying differwecks in South Africa give one ence is that the latest revolt began in the Coloured community, not the African. South Africa's 2.7m so-called Coloureds -a description that is widely school children, Coloured, black resented-are an extraordinary racial mixture of European, Malay, Hottentot and African descent, who have always been caught in the middle of the polarisation between black and white.

Granted apecial privileges by the ruling white minority better bousing, jobs, and a modicum (purely advisory) of political say-so-they have heen Africans.

Yet in spite of aharing the Afrikaans language and culture, tbey are excluded from any genuine access to white privilege

The Government's obsession with ethnic classification, and its laws against mixed marriages and sex across the colour bar, are seen by the Coloured people Moreover, they have been more drastically affected than any group by the racial segregation

> "We are quickly reaching a crunch point."

meant mass removals from inner city suburhs to far-flung Coloured townships. In spite of such ohvious discrimination, the Coloured community has been traditionally conservative and docile. In 1976, most of the disturbances occurred in black townships, except in the Cape, where Coloured youngsters took to the streets in sympathy. But there has undoubtedly been a growing allenation, especially among what the youngsters are plan- cal say. Now we realise they ning. The Government seems were just playing around with lost for ay response other than us." a local Coloured politician

Yet there are major differ- repeatedly warned of the growences hetween the Soweto and ing alienation of the Coloured the latest round of protests. In community. In 1976, the Theron the first place, the action has commission concluded that the heen noticeably less violent and vast and effective majority of ment response has been far satisfied with their political

passenger airsblp running at £30m, the income is hardly

likely to yield enough for divi-

dends, and a financial com-

mnnity that tries to keep its

likely to jettison the remnants

of its acepticism, at least until

European Ferries takes up its

options on (and first passengers in Major Wren'a inflated

long-time

backer

considerable degree of hitterness." Only three months ago, the Cillie commission of inquiry into the Soweto riots reported that a large part of the community believed that "separate development is the greatest that racial classification was degrading."

teacher said about burning down their scrupulously non-violent.

blatantly National Coloured trol of South Africa's destiny.

direction of South Africaapply it more flexibly, and allow Bishop Desmond Tutu colour har—has created further uncertainty about precisely bow to deat with the unrest.

admitted that his action in sures to join in. ordering widespread detentions tical ectivists, was a "calcu- usual degree of industrial leted risk "-hardly the sort of confident mood in which the wages, but over more overtly police retaliated in Soweto. The political issues, such as trade uncertainty is in sharp contrast with the growing self-confidence of the black commonities, where headmasters have flatly refused attracted support from the to expel their pupils, and students, who have pledged to expel their pupils, and students, who have pledged parents meetings in all the their assistance in organising a major centres have pledged sup- red meat boycott in both black

ethnic groups. How firm it is, is more difficult to gauge. At been similar action at African, Indian and Coloured institutions, resulting in the closure of both Fort Hare, the premier black university, and the (Indian) University of Durban-Westville. Black schools in Cape Town came out in sympathy with the Coloured boycott from

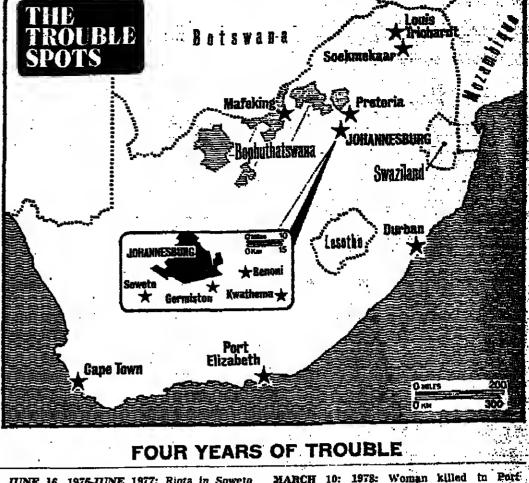
However, even in their

demonstrations, the Coloured children have been more cautious, and more disciplined, than their African counterparts. Thank goodness there has not been more action in Soweto," a children would have oo scruples schools, which then invites police retaliation." For the most part, the protest has been

The fact that it is dealing with the Coloured community is also a partial explanation for generally rejected by the the Government's hesitancy.

Africans. The ruling National Party bas never quite known how to deal with the Cotoured community, perhaps because they qualify in all but colour to be full members of the Afrikaner volk (people). Their exclusion therefore underlines the racial element of Party policy. The people do not fit neatly into the separate developmeni framework, yet their sup-port is needed if the white man is to remein effectively in con-

> The present debate within the Government about the future -whether to pursue the apar-theid line rigidly, or to try to some degree of consultation, or even negotiation, across the



JUNE 16, 1976-JUNE 1977: Riota in Soweto and black townships throughout South Africa. Boycotting of hlack schools.

NOVEMBER 30, 1976: Two policemen injured in grenade attack, Eastern Transvaal. JANUARY 1, 1977: One killed in Soweto bomh explosion.

JUNE 13, 1977: Two whitea killed in Jobannesburg shooting. SEPTEMBER 9, 1977: Black security policeman shot in Durhan. SEPTEMBER 12, 1977: Death in detention of Steve Biko, Black Consciousness leader.

Recewed demonstrations. SEPTEMBER 28. 1977: Two guerrillas captured near Mafeking. Large arms cache discovered OCTOBER 19, 1977: Masa detentions of black

leadera and hanning of two newspapers and 18 hlack consciousness organisations. NOVEMBER 25, 1977: Bomh blast in Carlton sbopping centre, Johannesburg. NOVEMBEB 30, 1977: Bomb explosion on Pretoria train.

DECEMBER 12, 1977: Germiston police atation

DECEMBER 14, 1977: Bomb at Benoni railwey FEBRUARY 1978: Two police killed in clash

MARCH 9, 1978: Bomber kills himself in Port

AUGUST 1, 1978: Police clash with guerrillar group, arms cache discovered. OCTOBER 27, 1978: Two guerrillas killed in gun battle in Bopbuthatswarts. OCTOBER 30, 1978: Police sergeant wounded in gun battle west of Lonia Trichardt. DECEMBER 7, 1978: Bomb blast at urban. Bantu council chambers, Soweto. DECEMBEB 16, 1978: Bomb blaat on Eastern Cape rail line. JANUARY 13, 1979: Gnarrilla killed in gun battle with police near Botswans border, MAY 3, 1979: Policeman killed in guerrilla attack on Moroka Police Station, Soweto.

MAY 15, 1979: Bomh explodes in Cape Town Supreme Court. NOVEMBER 2. 1979: Policeman killed in

attack on Orlando Police Statlon. Soweto.

JANUARY 4, 1980: Attack on Sockmeksar police station, Northern Transvaal. . JANUARY 25, 1980: Twn bostages die after gunmen occupy hank in Silverton, Preturia. FEBRUABY 17, 1980: Attack on store near: Mozamhique border, Natal. MARCH 6: 1980: Major arms cache found in Kwathema township, Springs, including rocket-

launchers.
APRIL 4, 1980: Attack on Booysens Police.
Station, Johannesburg
APRIL 1980: Colonred pupils' school boyent : hegins In Cape Town.

the start, as they have elso in known political figures of more tone adopted by Mr. P. W. Port Elizabeth. So far, the moderate persuasions. The Boths, the Prime Minister, Soweto schools have held back, influence of the exiled move which has raised expectations Mr. Le Grenge himself in spite of considerable pres-

near Swazi horder.

Elizabeth.

In the Cape, the schools boyof community leaders and poli- cott has coincided with an ununrest, not only against poor political issues, such as trade union recognition. The latest strike, of some 800 workers in the meat-packing

tion across ethnic lines, or a the university level there has student hand in industrial unrest, would be most likely to invite a drastic Government clampdown. Government spokesmen have also heen quick to play up allagations of agitation, particularly hy hanned political organisations like the African National Congress, although the detainees have generally been

ments seems to he psychological rather than practical. Ironically, the existence of

preventing more widespread higher expectations. protest action. "There is a growundergo military training," huko. a leading hlack educations. That is just giving the police cannon tainly it has generally been those areas not frequently involved in unrest which have joined in the latest movement. -such as Bloemfontein and

There is growing concern in the husiness community, especially among foreign in unrest. It is seen as a response both to the more conciliatory to be failing to keep up.

and to the victory of Mr. Robert Mugabe in Zimbabwe. As such it raises the prospect that the liberallsation wanted by the exiled movements—the ANC liberalisation wanted by the the Pan-African Congress husiness communit—if only to (PAC), and the Black Con- overcome such economic bottlesciousness Movement—has per necks as the skilled labour haps heen more significant in shortage—will only arouse ever

That the disturbances have ing number of Soweto students come at a time when the who believe the only answer is economy is starting to accelerate to leave the country and rapidly on the back of the gold rapidly on the hack of the gold hoom is another indication that according to Mr. Fanyana Mazi- prosperity, not poverty, is likely to be the destabilising factor in tionist. They no longer see any South Africa. At least for the point in peaceful demoostratime heing, the prospects of a good return on capital invested outweigh any renewed nervousness in the investing com munity. Only yesterday did the stock market show any reaction to the unrest. But it will provide a major test for the ability of Mr. Botha, not only to hold community, his own party together, but also to win any measure of support vestors, about the resurgence of from the other communities on the latest indications, he seems

### Merger uplift for Skyships The uncertain fortunes

Thermo-Skysbips, the publicly-quoted company which aims to bring back the age of travel by dirigible, were given a modest lift yesterday afternoon by the purchase for around £1m of Airship Developments. Wafted precariously into e Stock Exchange float dying breatbs of 1979, Thermo is still three years away from the launch of its first passengercarrying balloon. Its new acquisition, however, expects to heve the first of a series of three vessels aloft next March. These witl be leased to the

Governments. As floating watcb-towers, they bave obvious military uses, but Australia is particularly interested in using them for hash fire and flood observation and rellef. As Airship's managing director Andrew Millar tells me, a hellcopter can hover for five hours at the most, white a reliable airship can keep station comfortably for a day and a-half.

According to Thermo chairman, Malcolm Wren, the leasing deals (fingers crossed for

Old pals' party British, Japanese and Australian Who do people think they are? I asked myself, finding the door to my local winery locked in my

faithful

face en bour and a baif before normal closing time last night. Pressing my out-of-joint cose to the smoked glass of the Balls Brothers establishment in St. Paul'a Churchyard f hoggled at ehe sight of forty-odd former Slater-Walker employees revelling in Riesling. It was an old-boys' rennion, I was told tersely. Exclusive, Yes, Dick Tarling, late of Changi Jail was expected later. No. children's atory-writer Jim Slater was not coming: 'He doesn't approve.'

### Mine's a half

Restrictiona on drinks promotion have evidently left many distillers with large quantities of pent-up fighting spirit on their hands: one of the most aggressive pieces of marketing bave seen is a folder prepared hy Seagrams for the edification of publicans in East Anglia. The hard sell is applied to a drink aimed apecifically at young

The new tincture, declares the company, io large red letters, is "the single most important event in the UK wines and spirits market in the last decade." Landlords are treated ket: 8m youngsters between 18 mid-town Manhattan, "ft's only

follow-up aalea) mean the group and 24 spend more time in puhs. really Morgan and Chase who will be earning revenue three in discos and at parties than years earlier than predicted any other age group. Ergo when the parent was floated "8m of them are spending more and drink than any other lest December. But with money on drink than any other davelopment costs for Thermo's age group."

Focussing on the females, lt ls pointed out that girls in the target age-group consume 4.500m drinks every year, and are the most impressed by somefeet on the ground seema un- thing new. Landlords are advised on methods of weaning spendthrift young womanhood off boring old wine and vodka onto the new tipple, Crocodillo, with ita "expensively re-searched", sparkling contents.

The advertising campaign. atarting next month, is pur-portedly the biggest alcoholic drink promotion ever mounted. It will expose 95 per cent of thia age group to the commercials at least 31 times. Quite how all this fits in with the drinks industry's solemn, sober face when alcoholism among the young is discussed, I am not

### Staying at No. 1

Hopes that possibly the most prestigious husiness address in the world - 1. Wall Street might become vacant have hean dashed by news that its occupant, the Irving Trust Bank, intends to hang on to it. frving Trust was known to have outgrown the huilding and to be planning a new corporate headquarters. But it has now announced that it will keep 1, Wall Street as its executive

The building stands on the corner with Lower Broadway, a tall grey stone structure whose somewhat austere appearance helies a fine 1920s interior. Quite what it would fetch if It were sold is anybody's guess. It is assessed for tax purposes at \$36m. If two or three parties were hidding for it, it could, according to New York real estate agents, fetch twice that, Despite its address, however, it is no longer quite at the heart of the action. There has been to a gleeful ramble round the a distinct abift among the great luab pastures of the youth mar- husiness institutions towards

are still on Wall Street.

### Pauper's burial

Whila It is always exciting when a company goes hust with an almighty bang, allow me a few lines to record the lowdecibel demise of a firm which was laid to rest this week with the quietest whimper in my

I bave before me the death certificate of Richmond Fine Arts and Ceramics, signed by tha official receiver, which inctudes a hill for the Treasury to cover the cost of the last

These cost bim a grand total of £83, balf disbursed to auditor, valuer, other attendants at the funeral and publishers of the official obituary, with the other half shared among the company'a 87 creditors. Cash in hand: £1. Net cost to the taxpayer: £82.

### Thieves' rights

A curious proposal for beating inflation in Turkey has been suggested by Fehim Adak, a former minister of trade and MP fo rthe pro-Islamic National Salvation Party.

Speaking at a seminar orgainsed by the Association for Protecting the Rights of All Civil Servents, Adak is quoted as saying that taxes make production more expensive, and the hurden is carried by low income groups. "Theft under these conditions is legitimate," feels the ex-minister, "on condition that it ia moderate."

### Dish-appointment

Girl overheard in City winehar: "Honestly, Angela, it's no fun at all being married. You make the had and do the washing-up-and a fortnight later you have to do it all over again:

Observer

### THERE'S A LOT TO BE SAID FOR AN ARCHITECT **WHO CAN BUILD**



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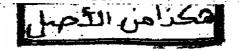
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# BY DAVID FISHLOCK When the dark is light enough to sense an enemy

TT COSTS £340 to fire a smoke Shell from the Army's new gun, the Anglo-German-Italian SP70 howitzer, according to the Ministry of Defeore. The price reflects the sophistication and speed with which the Army needs in be able to cover ita tracks with dense smoke. This in turn reflects the efficiency with which the latest alds to man's vision can penetrate smoke, for or night conditions. On Portsdown Hill above

Portsmouth a big infra-red camera developed by defence sclentists, peers seawards at distant shipa in the Solent. The scene is displayed on a TV screen. Not only can the viewer see the vessels clearly at night. when shrouded in smoke or fog, by the heat they reflect, he can view things one would not normally see even in daylight, such as bow full fuel tanks are and bow much ammunition is

The complex military systems and man-machine relationships which have been explored in defence technology, depend critically upon the performance of sensors—electronic extensions of man's own capability for seeing, hearing or sniffing the enemy. Sensors themselves, such as Infra-red cameras and tracking radars, are becoming very complex engineering systems for detecting and following a target, then directing the weapons. At the same time they must resist any attempt by the enemy to confuse by electronic counter - measures. Indeed, so complicated bave these systems become that a serious buttleneck in weapons systems development today is the ability of the enemy to saturate the sensors of an entire nearly enough compared with weapon or a mine with its own sching system such as a war-spending on weapon systems radar to detonate the warbead ship, simply because a single technology, according to Dr. Rex when it knows the target is

target ties up a complete sens- Watson, ing system—say, a tracking Chemical

Sensors and sensor systems will carve out a large slice of national defence research and development budget of £1.5bn this year. Professor Ron Mason, the ministry's chief scientific adviser, has been can-vassing opinions from a wide of scientific expertise on potential novel concepts for sensors, including "intelligent

sensors, including intelligent sensors, and how to close gaps in Britain's present defences.

One idea of Navy scientists at the Admiralty Compass Observatory is to replace the time-honoured gyroscope as the sensor for navigation and weapon fire-control. Their idea is to replace spinning metal parts with atomic nuclei parta with atomic nuclel spinning in a magnetic field.

Cyanide—Soviet Union shows renewed interest

Such a gyroscope, based on nuclear magnetic resonance, could be much smaller and cheaper and need never wear

One gap in UK defences, about to be closed by new aensor technology now nearly ready for service, opened in the 1960s when public opinion was resisting more research on chemical warfare. During the 1970s, however, military intelligence suggested that Britain was under-estimating the Soviet Union's interest in chemical warfare. Britain began to spend more on research to protect the Individual, although not

Defence Establishment at Porton. His is the smallest of the 12 defence R and D establishments, with an annual budget of about £7m.
"Man is still a bit of a cinderella," he laments.

But the "cinderellas" will oon be carrying into battle a bighly sophisticated chemical laboratory to warn with red lights and alarms if the enemy is attacking with nerve gas. NAIAD, Porton's nerve agent alarm and detector, is an auto-matic system for continuously analysing the atmosphere for traces of nerve agents, including cyanide (an agent in which the Soviet Union is showing renewed interest, says Porton).

The technology centre where most of the military's sensors start life, however, is the Royal Signals and Radar Establishment at Malvern. This laboratory began life developing controls for searchlights and has advanced to such restorms as bas advanced to such systems as airborne early warning, the first of the new flying radar stations for Britain which was rolled out last month:

Early in the 1950s, Malvern invented the idea of the integrated circuit, basis of modern micro-miniature electronics. Recently it has put a complete radar—including the aerial—inside a package the size of a 10p coin. Such a sensor could open the way to a practical "intelligent" fuse which knows when it is near the target, says Dr. Tom Moss, bead of applied physics. At present a shell that misses its target by a foot may be useless, while today's intelli-gent fuses tend to be bulky and complex, Malvern may well be on the way to an anti-tank

lose eoough.

A speciality of Malvern over ing. The cast is high, and the last decade has been a could distinguish a man from a woman—by the echo from the wiggle of a woman's hips. The latest, unveiled recently, is an experimental radar called

conductor devices instead of electronic tubes to generate the radio-wave pulses, and to process the echoes reflected from their target and suppress any spurious enemy signals that

might try to confuse them.

At the other end of the scale

is the Nimrod Mark 3 airborne early warning system, under development by GEC-Marconi Avionics, the performance of which Malvern must evaluate for the Ministry of Defence. The Nimrod 3 aircraft is one hig flying sensor, saya a Malvern scientist. Its radar, packed into the huge protuberance on the nose of the Nimrod, will provide an "eye in the sky reaching 200 miles to the horizon. It will extend the six-minute warning of longrange ground radars to more than 30 minutes. Six operatora will belp this sensor's computers filter the deluge of data for evidence of any hostile incursions.

delighted than the Navy to get away from the necessity of the familiar rotating radar serial.

No service would be more

several arrays of radar sensors remarkable array of light would be needed, beaming in weight, portable radars starting with a band-held radar "torch" schemes could be more robust; which the scientists claimed and each array could in theory

miles away. Unlike radar, the viewer is sending no signal him-

aelf to alert the enemy of his

The infra-red wavebands of military value lie just beyond red light in the visible spectrum, bnt at a wavelength of minimum interference by bad weather. At 8-14 microns, the scientists claim about 75-80 per ceot availability for their latest infra-red sensors over the North Atlantic and on the North German plain. The all-important material of the sensor, cadmium mercury telluride (CMT), was discovered by Malvern in the late 1950s, and is now used

The manufacturing technology The Admiralty Surface for this very tricky semi-Weapoos Establishment at conductor material has been Portsdown believes that this worked out by Mullard to pro-may now become possible, duce the new generation of

beams, each independently con-trolled, to belp beat the problem of saturation of the sensors of a warship. SCAMPI, developed with GEC For long-range sensing, up to Marcoul scientists, to help the soldiers pinpoint moving targets radar, helieves Portsdown But

on a TV screen. for sbort-range sensing infra-These robust, short-range red sensors — long in gestation radars all used advanced semi—are beginning to rival radar in all three arms of the Forces. The latest infra-red system can "see" differences of a fraction of a degree C in the beat being amitted by targets six or seven

> Spot a woman-by the echo from her hips

worldwide.

A thermal picture of London after dark, taken on Marconi equipment. are those which emit most beat. camera developed at Malvern. Electronics and Rank Taylor there is ample room yet for improvement, says Mr. Ken It looks like a blg eyeball, complete with eyelid. It affords a Slater, Portadown's director. He vividly clear view of the ground believes that the Navy is close to its first shipboard infra-red in total darkness. The picture sharper tban a TV image, Maivern, which developed the and features of the terrain are instantly recognisable. But Farnborough scientists know that they will have a big human Navy infra-red system princi-pally in collaboration with Barr and Stroud, has also been working on a family of aids for the problem in persuading pilots tn fly their aircraft by watching a TV screen instead of looking

issue each soldier with a pair of infra-red spectacles so that he could fight just as freely, or change a wheel, at night. The the first, karphorough believes. In 1976 the Ministry inf Defence, recognising both the nearest they have come is to use Image intensifiers, which potentially immense value and the intrinsic complexity of the new infra-red aensor, embarked have electronic tubes to amplify the residual light from the night sky. These need very sophisticated. on a novel development programme with industry. The aim of its common mudule prooptics to catch enough light to be useful. As a result they are gramme is to develop a Meccano-like kit of standard bulky and costly—£2,000 or so to equip a soldier's rifle with parts and sub-systems from which complete sensor systems might be assembled to meet a

out of the cockplt windows. No UK aircraft has yet been

but the Tornado could well be

auch a night sight, and several times as much to equip an specific service requirement. armoured fighting vebicle. GEC-Marconi Avionics is the The Royal Aircraft Establishment at Farnborough has been co-ordinating design authority flying an experimental infra-red

Army. The infra-red group admits that it is still far away

from the one-time goal of defence research chiefs in Whitehall—of being able to

change a wheel, at night,

ondoo.

upoo Type.

Hobsoo are the main subcontractors, specialising respec-tively in the signal processing and the scanners. Malvern has built a unique night vising test facility to design and test sensors, using a computer to simulate the technology. The first sensors assembled

from parts produced under the common modules programme are expected to go into service shortly. Two applications were disclosed in the defence esti-mates last month. A night and equipped with thermal imaging all-weather sight is to be fitted to the Swingfire anti-tank guided weapon; and a night Milan anti-tank guided weapon. A market is opening worth

"himdreds of millions of pounds." estimates GECpounds." estimates GEC-Marconi Avionics, Ahead lies still more complex thermal imaging systems capable of aiming weapons from a fast-moving platform such as an aircraft. Industry also believes that the common modules programme civilian market for -thermal imaging security systems once the Ministry of Defence has for this programme, EMI picked up the big R and D bills.

### **Letters to the Editor**

### Electricity marketing

From Mr. E. Smith Sir.-With the necessary help nf our Member of Parliament (Mr. Paul Marland, West Glos.) I bare tried to find out why our Electricity Boards spend £12.5m -n year on advertising and a great deal more in operating a thousand showrooms up and down the country. In his defence of this profligacy with a sales budget, the chairman of way, £12.5m is "only 0.25 per cent of lurnover." As one who runs a manufacturing business and has to fight for exports, I find such a concept abysmal in

its ignorance of management Electricity has been with us for a century and it would be no rash claim that the British markel for electricity is near to saturation, if not saturated. The asymptotic nature of the sales curve, in the past 20 years, must be painfully evident. Therefore, one must equate the huge elec-tricity sales budget with the bandful of consumers snatched from gas and solid fuel. It

would appear that the chairman of Midlands Electricity sees a EKE'S A LOT of Midlands Electricity sees, a multi-million expenditure as something it can according something it can afford without thinking about it. A mere bagatelle.

that the public is being forced in take part in a Gilbertian opera and made to pay for

admission to its own show. In a letter from Mr. Norman Lamoot. Parliamentary Secrefary to the Department of Fnergy, dated March 26, 1980, tn Mr. Marland, Mr. Lamont laments that the House cannot interfere with the management of a nationalised industry. Who, then, can protect the public from a confused management spending the public's money?
It is hoped that when the Monopolies Commission has completed its scrutiny of the Central Electricity Generating Board some way will be found to examine management com-petence in the marketing arm

informed me that "further cor respondence between us would serve no useful purpose." Thus is the door banged on rationality.
Edward A. Smith. banged on 7/. Birchirood Road,

### Learning all the time

Fram the Headmaster, Rougement School Sir,-Michael Dixon (May 20) argues that there is a daft and even dafter educational ten-dency away from akills essen-Arabia and risk allerance.

Arabia and risk allerance.

Stream Arab opinion as a result:

The implication is that Western
comment should reflect this
argument and not concern itself having a far-reaching effect on a
with internal Sandl Arabian,
with internal Sandl Arabian,
matters of which in any case
matters of which in any case
the religion dynasty is aware and
the reflected the priority given to
physical survival in en environment of fundamental scarcity. tial to managerial work in favour of ones of relatively minor importance. These skills of minor importance he sum-marises as "the detailed knowledge associated with study in

the educational system."

I do bope that Mr. Dixon is not arguing for a lack of detailed learning on the basis. that some who acquire it will not need it. Nor, I trust, is he rguing that at some early age hose born with the wondrous ight of managerial promise in heir eyes should be segregated rom the herd of the bumble and placed upon some IQ

states so organise such egalitarian selections. I accept that detailed academic knowledge is not essen-

otherwise attempt to manage mental training and discipline. incumbent in specialised study. Is an essential part of it. Such study could be in the classics. learning the works of Dickens Midland Electricity makes the of the lesser-spotted tsetse fly customer service, I sympathise so long as it is somewhere. with Mr. Rodger. Soundly-based professional

confidence needs a reservoir of skill. The aura of rank and swagger stick in the Army wears off quickly enough if you cannot talk at least technical sense based on some study in depth with skilled tradesmen. Leadership cannot be all "follow me chaps, this is going to be tough" anymore than management skills can be based on some ersatz course in social akilis."

Mr. Dixon bas got it wrong. Management skills, whatever they are, develop with maturity and experience and derive more from personality, whatever that is, rather than IQ, whatever They are no more specifically trainable than a prep. school boy is specifically trained aspect of special study play an important integral part, leads mediaries. out the whole being—some of which beings will become, with undoubtedly the help of later finer haning, the good man-

F. W. Edwards. 83, Stote Hill, Newport, Gwent.

### Cash dispenser networks

From the Assistant Chief General Manager

From Mr. J. Townsend

of electricity. In his letter to me, of April 30, 1980, the chair-man of Midlands Electricity bas

Sir.—It is understandable

Arabia does not welcome com-

ingether contend that it is none

of our business. In any case, they argue, the Kingdom's relatively moderate oil pricing policies and its expansionist economic policies favour indus-

trial nations at least as much as they do the people of Saudi Arabia and risk alienating main

The industrial nations cannot

afford to accept Sandi assurances that all is for the best in the best of all possible Saudi

worlds. The third five year plan

that the government of Saudi mented under earlier plans and Arabia does not welcome com- to meet rising expectations of

ment by foreigners on bow it: the people. Even more impor-menages its affairs, The Govern-tant is the awareness that ment and the House of Saud serious miscalculation or out-

almost \$235ba is likely to not being controlled. There is generate pressures on the Sandi an immediate contradiction in

Government to maximise its the Government's stated policies

these machines installed so far. But he then goes to say that Citicorp in the New York area with 450 machines is believed tial to managerial ability-no to be the largest cash dispenser headmaster, especially, could network in the world. We were rather puzzled by this since more than a subject department both Citicorp and ourselves are
—but I would argue that some customers for the same IBM customers for the same IBM cash dispensing machines.

Could it be that Lloyds Bank have the largest cash dispenser network? Knowing bow hard It is to give credit to an ordinary by heart (but with understand- British clearing bank for being ing) or the wing beat patterns first both in technology and even on his numbers it must be so. To be fair to Mr. Rodger he does refer to 24 hour cash dispensers and ours are of more restricted availability. Bob Amos.

P.O. Box 215, 71, Lombard Street, EC3,

### Life assurance commission

From Mr. J. Hissey,

Sir,-i was interested to read the letter (May 23) from fellow insurance broker, P. C. Price. because you were good enough to print a letter of mine some two and a half years ago on this

very subject.
Since then members of the trained for post-graduate Life Offices Association still inresearch work. The whole sist on paying the same com-educational process, of which mission to all agents, whether sheer hard learning and some they are fully professional bromission to all agents, whether they are fully professional brokers or merely part-time inter-

The present flat rates are clearly too low to encourage any growth in the fully professional insurance broker, and too high where the agent merely passes a name to the insurance companies inspector, who completes the rest of the arrange-

In my letter I suggested a simple solution whereby the in-surance broker received double the amount of commission paid to the mere agent, with the total nverall commission paid by the Insurance companies being the

Sir,—Ian Rodger in his article The Government has prodded on cash dispensers for your insurance broking to set up world Banking Survey (May their own association, so there 27) quita correctly points out should be no difficulty in defin- part of the VAT form. that Lloyds Bank has 850 of ing the insurance broker. On No new government

infrastructural projects imple-

right failure on the part of the Saudi dynasty in the imple-mentation of its domestic

policies could have profound

and even apocalyptic consequences for industrial countries.
The Government of Saudi

Arabia has launched, through

A hitherto largely rural society

is fast becoming urbanised and dependent on imported cop-

sumer goods. The harshness of

tha environment has been

surance brokers, presumably to men from the Customs and protect their own less efficient Excise.

Maybe the time has come for Parliamentary action.

J. E. B. Hissey,

Stafford Knight and Co.
(Life and Pensions). 155, Fenchurch Street, EC3.

### Crime and matrimony

From Mr. J. Holt Sir,-In her article on City From Mr. R. Howe solicitors (May 15), Mrs. Ann Moore, when talking about women lawyers, referred to the riew widely held in the profession that women are only

suited to matrimony or crime."

Others might feel that they were more suited to either matrimonial law or crimical

Jeremy Holt. 30 Ochendon Road, Islington, N.I.

### interest rates

From Mr. J. Robertson Sir.-The current high level

great and small to invest or re equip. A redoction in the interest

procedure. Each month or quarter as applicable the interest paid

The amount of rebate in percen- for more emoluments unfortuntage terms would be announced one month in advance and would vary according to interest rates prevailing at the time but staff a better deal without losing bopefully would have the effect half of it to the revenue and this rates prevailing at the time but of reducing the cost of business feature is not available to public horrowing to 7 per cent or

the funds out would declare interest received in the tax due Ronald Howe. No new government depart- Doddington, Kent. Contradictions in the changing face of Saudi Arabia

the other hand the Life Offices ment would be needed and the Association seem frightened of whole system would be under encouraging the growth of in the eye of those efficient gentle-

A simple scheme such as this might stimulate economic activity and alleviate the crushing interest burden on many small husinesses. J. L. A. Robertson.

Glenside Farm, Plcan, Stirlingshire.

# The company

Sir .- The controversy concerning public sector wages is highlighted by your article (May 20) on executive cars.

In the financing section you mention the corporate pound costing 50p to purchase a car whilst the rest of us pay £1:30 to the same effect. If the trade discount usually found is taken into account (which is not normally open to the rest of us) there is a ratio of 3 to 1 required In pay to cover the difference in purchasing power. I am sure this does not apply to cars, but this does not only apply to cars. but all sorts of other

emoluments. .. The answer is to stop complaining of bigh public sector wages and alternatively alter the of interest rates does nothing to wages and alternatively alter the encourage husinessmen both tax system so that the corporate pound is the same value as the £1.30 pound. This is avoided by pollticians, the Confederation of rates paid by legitimate busi- British Industry and all others nesses could be arranged using interested in obtaining a wage British Industry and all others the existing VAT collection structure without regard to its purchasing power. With the ever increasing prices this is the real feature and until it is tackled would be entered in one of the we will have an unbalanced "bigber rate" boxes provided society with each side striving

ately at the expense of the rest. The problem is increasing as firms endeavour to give their servants. It is not a new feature but like many more things these Those enterprises borrowing days it is becoming badly at "business rate" but lending distorted and needs attention, urgently.

Tokarazuka, Manor Road.

### but also to maintain capital and the same time ausuring a high dichotomy which could lead to infrastructural projects imple- rate of economic growth, a congrave miscalculation on the part tradiction at the beart of of the country's political leadership. Even if the proposed differences between fundamentalists and materialists in Saudi Mailis Ashoura or consultative There is a growing council is set up in the near contradiction between the interests of the House of Saud, future, it will be something of a miracle if such a council la dedicated to dynastic survival, and those of the nation as a whole seeking an identity in a able to be dynamic enough and perceptive enough to recognise and define problems and profast-changing world. There is a contradiction between quality and quantity in education, pose appropriate courses of action with reasonable speed. It is more important to recognise between adding value to the nation's human resources and the underlying factors leading to potential political instability denying people a commensurate right to free choice and innovain Sandi Arabia than to engage in debates as to wbether any tive thought. There is a con-tradiction between government by consensus and the decisionthreat comes from Islamic fundamentalists, or Arab populists, or Ba'athists, or as a result making requirements of an entrepreneurial and industrial nf intra-dynastic squabbles. Perhaps the worst possible scenario is one in which the tradictions between the various House of Sand would appeal to the United States for support in putting down a popular movepriorities for the deployment of the nation's manpower resources either in its armed forces, or its ment in Saudi Arabla lead by commerce or its industry, or its agriculture or its administraan Arabian Qadhafi and demanding political change in the name of Islamic purity, pan-Arab solidarity against Israel and an calling for the expenditure of masked but the environment is tion, almost \$235bn is likely to not being controlled. There is The sum of these contradicend to foreign influences.

tions is a growing lack of agreement between the nation's John Townsend. revenues, not only to meet exof maintaining the religious and political structures and its social
penditure targets of the plan moral values of Islam while at and economic structures, a Jubilee Chringe, Meadway Lane, Oring, Bucks.

## Today's Events

George Young opens multiple sclerosis and coronary research unit at Central Middle-UK: Institute of Mining and Metallurgy conference on national and international man-Overseas: Pope John Paul starts three-day visit to France. EEC Foreign Ministers meet. agement of mineral resources. Coal today and tomorrow exhibitian opens. Newcastle

COMPANY MEETINGS Prince Charles, as president, visits Prince's Trust projects in Ayrshire Metal Products, 17 Church Street, Irvine, Ayrshire,

crete, Carlton Tower Hotel, Cadogan Place, SW, 11.30, John C. Small, Tidmas, The New Mechanics, Birkbeck Hause, Trinlly Square, Nottingham, 12, Whatman Reeve Angel, Great Eastern Hotel, Liverpool Street, EC, 12.30. COMPANY RESULTS

Final dividends: Airflow Streamlines. Capital and Coun-West Midlands; and Queen's 3.30. Fothergill, Harvey, Midlands; and Queen's 3.30. Fothergill, Harvey, Midlands; and Gueen's 3.30. Fothergill, Harvey, Midlands; Cope Sportswear, London American stockbrokers Drexel. Pearson Longman, Millbank and Overseas Freighlers, Minster Burnham Lambert Inc. hold investment forum for stock-brokers, Savoy Hotel, Loodon. Brokers, Savoy Hotel, Loodon. Sa

**ralcantara** the miracle fabric that looks and feels like finest suede. Luxurious to wear and surprisingly easy to care for. Classic Jacket £165 tailored in Sweden by Cocar Jacobson

YSIT

AN BUILD

Companies and Markets

# Pressure on margins for ICL in first six months

STRONG sterling, rising UK inflation, and bigber interest charges have alt brought pressure on margins at ICL, the computer systems and allied products and services group.

Turnover increased by 21 per cent from £285m to £346.3m, and taxable profits, for the half year ended March 31, 1980, were £20.5m against £18.6m, a 10 per

cent rise.

Mr. Philip Chappell, the chairman, says it is too eerly to give any firm indication of results for the full year, but given an ecceptable trading environment, he is confident the group's longterm prospects remain sound. For the 1978-79 year profits were a record £45.7m.

Overseas profits were helow expectations, but the overall profit growth was sustained to some extent by a favourable seles mix which contained proportionately fewer reotal contracts enotracts.

The larger interest charge, up from £7.8m to £11.4m for the six months, was due to further growth in working capital needs. and to greater use of export credits guarantee department finance for exports.

Mr. Chappell says that the

finencing facilities available are sufficient to meet the group's foreseen requirements.

After adjusting for exchange rate variations, orders received were up by 16 per cent, he adds. A number of significant new

products were taunched in the period, the chairman states, including a major computer system, the ME 29—niore then 100 orders were taken in its

per cent came from new customers.

After tax of £4.2m (£6m), and minorities of £0.2m last time, profit was £16.3m (£12.4m), glving earoings per 25p share. glving earoings per 25p share— there wes e share split from f1 aheres into 25p in February— are shown as 12.21p [9.29p). The increesed to 0.95p (0.875p) net, last year's final being 2.1p.

The attributable balance, however, emerged much lower at 152.27m.

The attributable balance, however, emerged much lower at 152.27m.

Coalite in slightly ehead of mar-

BY JOHN MOORE

shareholder in House of Fraser,

the department store group which owns Harrods, is opposing

the re-election of four House of

directors named have been on

per share, Lonrho names the therefore, four as Mr. D. K. Milligan, Mr. business' C. F. L. Head. Mr. M. M. Me House Mesters and Mr. D. C. Mair. The lates

expected to arise from the group's decision to close the product feeder plant at Dukinfield, near Manchester in a £3.8m reduction in overseas fixed assets and reserves, as at September 30, 1979, and a reduction of £1.1m in depreciation for the first half of 1979-80—as et March 31, 1980 reserves stood et £103.6m £89.1m).

Coalite finishes higher over £20m

AFTER national strikes had teft halftime performanre unchanged, Coalfte Group made a return to growth to the second half of 1879/30. The fuel producer and distributor and oit refluer, pushed taxable profits for the rear to Merch 31, 1980. up £2.72m to a record £20.53m, with £14.17m against £11.48m coming in the second six months.

A tower tax charge of £5.84m, compared with £5.91m, enabled the company to show earnings per 25p share higher at 19,83p (16,15p). The net total dividend is stepped up to 3,85p (3,07316p) by a 2,56p final.

The reteined surplus came out at f11.95m, against f9.64m after dividend costs of £2.84m

Lonrho, the international trading conglomerate and the largest increese in numbers from 15 to

In its third circuler sent to the specialist side of the department of its campaign to force House of Fraser's hoard to raise the final dividend from 4p to 6p meet in the House of Freser and.

esters and Mr. D. C. Mair. The latest Loncho circuler last Loncho says that three of the night and planning its response.

"They were appointed primarily as a blocking device. Two of these seats had been promised resolutions Lourho says that a

£8.6m against £12.4m, after an kel expectations, putting 2p on extraordinary debit of £7.7m the eshares which closed at 104p.

18, as the House of Fraser has

not grown to need a board of

18 people. The Monopolles Com-

mission clearly recognises that Lonrho would not interfere with

therefore, in the success of the

House of Fraser was studying

Urging shareholders to support

htt by a first-half strike, but the expected to arise from the group's decision to close the product feeder plant at Dukinfield, near Manchester—due next month—and transfer production to other factories.

The use of the closing rate method for translation of foreign currencles into aterling, has been extended to all assets, the directors stete. This has resulted in a £3.8m reduction in overseas is softening and chemical margins could see a squeeze. Per-heps £23m is in sight, indiceting a prospective fully taxed p/e of almost 7, on an historic 5.4 per cent yield.

> Philip Hill Trust £1.7m

PRE-TAX PROFITS of Philip Hill Investment Trust rose during the year to end-March 1980, by over £1.7m to £8.49m. .
Expenses over the period increased from £384,000 to £437,000 but interest felt aligntly from £1.39m to £1.36m.
The total dividend is raised

to 5.5p (equivalent 4.575p) with a final payment of 3.9p. The Board is also recommending a special non-recurring dividend of 0,380, due to exceptional income received from Shell and

Gross revenue came out at £10.29m, compered with £8.56m the previous year. After a tax charge of £2.68m (£2.31m), revenue rose from £4.48m to £5.8m. Earnings per 25n share are given as 5.97p (4.61p). The net asset value per Ordinary share was 117.2p at the year-end, compered with 137.3p the same time last year.

IMPERIAL/HOJO

Imperial Group yesterday said that it expected to complete its \$630m purchase of Howard John-

in the wey of e bld for your shares; on the confrary, it would

A vote in favour would also give aberebolders

by the company

en extra twopence e sbare which can be well aoffred

more attention in the future by House of Fraser

to giving sharebolders a felr return on their invest-

Increase interest in a bld."

Capital expenditure for the year rose by £24m to £74m with priority continuing to be given lal. Cash resources were reduced by £9m, while loan capital in-creased by £14m.

International Paint Company. a Contauts subsidiary, climbed from £19.18m to £20.41m for the 1979-80 year, with the secondment half performance up from support for Ibe sbare price in the future. half performance up from \$8.88m to £9.77m. Sales reached £239.55m, compared with

We continue to urge the British

Lex concentrales on the major compeny ennouncements on the day. Courtanids has maintained its dividend and improved profits slightly, but it continues to face very difficult trading conditions. Beecham has produced pre-tax profits of £136.8m. against £144m, with some underlying increase during the closing six months. Nevertheless the group is finding pharmaceuticals bard going. Borthwick bas plunged into the red at the helf-wey stage because of the collapse of U.S. beef prices and it has passed its half-year dividend payout. Finally ICL managed to push volume up at least as fast as last year, but margins heve come under pressure. On the inside pages several rompanies come in for comment, including some rather contrasting results from two brewers, Greenall Whitley and Young. UBM seems at last to be coming right but Capper Neill'a profits are lower in what was a difficult year.

# **Courtaulds tops** £68m for year

AGAINST AN increesingly poor trading background, Courteulds improved accord-half profits from £36.6m to £37.9m to finish the year to Merch 31, 1980 with a pre-tax figure of £68.1m, compered with £64m. Wurldwide sales increased from £1.66bn to £1.82bn, of which £492.9m, against £424.6m, came from

exports.

The group's interests are in man-mede fibres, textilea, chemicels, putp, packaging, paint and plastics and engineering. Results benefited from rationalisation measures that have been taken, but the effects were obscured by the reduced companies to the control of the control o petitiveness of sterline which eroded margins and stimulated imnort comnetition. Profits of the overseas companies im-

Poor trading conditions have persisted into the current year.
Tax for the 1979-80 year was tittle changed at £20.3m (£20.2m) and stated earnings per 25n share moved un from 13.38n to 14.202p. A maintained net final dividend of 5.67n makes a total perment of 8.562p (8.362n). Minorities took £8.9m (£7.2m), while extraordinary debits, which largely comurise reorganisation and closure costs associated with

the elimination of loss makine eritities, jumped from £3.7m to £29.8m. Following the continued accumulation of canital allow-Lonrho opposes Fraser's new men servamulation of caultal allowences and the introduction in
lest year's Finance Act of permanent stock relief, there was a
release this time of £24.1m of
deferred tax.

surplus emerged unchanged at

the control of working capi-Profits before tax of the

ing trading conditions.
Sales and profits would have Sales and profits would have been £19.5m and £2.1m higher respectively had exchange rates et March 31, 1979 been maintained throughout the year—Brazil accounted for £7.4m and £1.2m of these figures.

Earnings per 25p share edvanced to 15.95p (13.34p) and the dividend total is raised from 2.617p to 3.048p net, with e final of £175p (1.857p).

The pre-tax result included an

The pre-tax result included an increase in interest receivable from £0.71m to £1.27m, but lower associetes contribution of £0.43m t£0.88m). Tax charge was down from £6.97m to £5.6m. Exchange losses amounted to £1.55m, against £1.36m, and minorities took £1.52m (£1.03m). There were extraordinary credits of £0.36m (£0.28m debits) end a release of deferred tax of £2.43m. this time. Retained profits were un from £7.62m to £12.3m.

The company's cash position remains atrong despite a significant cash injection into cepital expenditure and working canital and substantial price increases in

Normand advances to £1.3m

TAXABLE PROFITS of Normand Electrical Holdings showed an advance from £1.03m to £1.3m for the year ended March 1, 1980, on increased turnover of £16.36m, compered with £14.91m.

In the current year, they warn that with some degree of caution being shown in most of the group's markets, order books in certain areas have deteriorated. However, they say every effort is being made, both in the UK and interoationally, to obtain more business and the group is well placed to meet any increase in demand.

Earnings per 20p share are given up from an adjusted 6.4p to 10.9p, while the dividend total in the future.

A vote in favour will not effect the security of employment of those working for House of Fraser, and will mean the support and encouragement of whalever is excellent in House of Fraser, and sympathetic of Fraser, and sympathetic attention to areas of failure."

E238,55m, compared with E271,27m, reflecting a good in the fiven up from an adjusted 6.4p with Capper Neil International to 10.9p, while the dividend total in 10.9p, while the dividend total is effectively lifted to 3p ing record results.

E238,55m, compared with E271,27m, reflecting a good in the 10.9p, while the dividend total is effectively lifted to 3p ing record results.

But some factory-based subsidiaries suffered from a reduction in activity and every opportunity is being taken to attention to areas of failure."

# Beecham Group trimmed to £137m by strong pound

which sliced £7.8m from the contribution of its overseas subsi-diaries, bid a marginal undar-lying growth in Beecham Group's taxable profit for 1979-1980. Following the £7.7m downturn et midterm the pharma-ceutical, animal and consumer ceutical, animal and consumer products company reports a surplus of £136.8m, against £1.44m, for the year to March 31, 1930. At the trading level the decline from £146.4m to £134.9m was partly offset by sharply tower interest costs of £1.9m (£5m). Sales were 11.4 per eent higher at £1.03bm.

Stated earnings per 25p share were down at 12.4p (13.2p) on e net basis or 14.33p (15.12p) m e nil basis. However the net total dividend is effectively being

dividend is effectively being lifted to 6.125p (5.314p) by a 3.245p final.

With tax taking £55.5m, against £62.4m, £0.7m (£0.5m) going to minorities and a £0.7m extraordinary debit last time, attributable earnings were little changed at \$80.6m, compared with £80.4m.
The trading results include six months' figures of the Jovan Inc fragrance and perfume busi-

Lex, Back Page

**DIVIDENDS ANNOUNCED** 

Current of sponding for last payment payment div. year year payment Nil 0.15 Nil	•
payment payment div. year year	
	ì
TI Amshacker Hillor III - III - III	
Reecham 3.25 Aug. 21 3.02 0.13	
Porthydeles Int. NII - 2.4 0.2	
Paramine Comp. 2.45 2.35 4.03 3.50	
200 195 195	
Buckley 3 Diewel 3 200 0.01 4.9 3.18	
CAALIFE X.DR AUE, 7 2,07 TOT	
Continues 5,07 July 25 5.07	
Cooper From int 1 Oct 7 0.5 - 2-4	
Evelynge Telegraph 4.75 4.03 7 6.00	
July 18 1 53 9 3.25	
	•
1 Hittle - With Table 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	
ict. ini uga puly ib oloo	
International Paint 2.10	
Tondon Sumstra 6 July 23 4 8	
Normand Electrical 1.91 July 22 1.57* 3 2.52	,
Prop. Hays whalf the 2.00 duy 20 1.12	
Pyramid Group 2.22	
11 KM	
Warren Plantation 7 July 15 5.91 10 0.25	
Vonue & Co's	

Dividends shown pence per share net except where otherwise stated. \*Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡Increased partly to reduce disparity. § Final of 4.63p forecast. § Total of not less than 6.25p forecast. § Including 3.5p net special dividend. ness acquired at the end of . Including 0.38p non-recurring payment.

# Borrowing costs push back Capper Neill profits by 8%

increased interest charges of fillow compared with 50.64m pattern of demand, they add. have brought an 8 per cent reduction in pre-tax profits for Capper-Neill, process plant manufacturer and erector, for the year to Moreh 31 1989. to March 31, 1980.

First-half profits slipped £0.2m to £2.06m and a further decline from £3.28m to £3.03m in the remainder of the year left the surplus at £5.06m against £5.54m. Turnover rose from £89.9m to 597.23m and the directors point out that the marginal improve-ment in trading profit, from £6.18m to £6.24m, was achieved in the face of disruptions caused by the engineering and steel strikes. At the year-end, they edd, borrowings continued to reflect an acceptable proportion of capital employed.

The dividend is stepped up from 3.1825p to 4.2p, with e final of 2.1p, ebsorbing £1.21m (£0.85m1.

Tax takes £891,048 (£835,543) end minorities' profits £15,345 (£2,392 losses) and there is an extraordinary credit from the sale of assets of £14,061 (£19,167). Earnings per 10p share are shown as 14.47p (16.2Sp).

The group's major activity. sile construction engineering, continued to perform most satisfactorily, say the directors, with Capper Nell International and Capper Pipe Service achiev-

6 months to

respond to a reduced level of activity. With pipe services,

months. Confirmation of the 6p per share gross dividend gives a yield of 11.8 per cent which, if the stock market really is taking the worst possible view of engineering contractors' profit-ability, should have risen since last November. The recent axperience of some directly comparable rivals, after ell. provides ample evidence of the risks involved. Yet Capper's envieble track record bas only been dented by high interest rates and

construction engineering prob-ably contributes 80 per cent of total profits and the outlook for the current year, at least, looks reasonebly optimistic. The anticipated expansion of the anticipated expansion of the operational spread has no doubt been enhanced by the apparent success of the £25m Kenana project bul clearly the medium outlook is dominated by the probable narrowing of the domestic base and increesed overseas mergina pressure. How-ever, Capper bas grown fast over the last decade to establish a sound footing and the share price dented by high interest rates and of 53p. up 4p yesterday, is prob-the continued failure of the ably righl to ignore the possi-manufacturing division to blitty of any sudden abooks.

## Collapse of RPM takes toll on Sangers profits

REFLECTING THE collapse of resale price maintenance in the pbarmaceutical wholesaling industry, the Sangers Group has suffered e sharp 48.3 per cent drop in pre-lax profil from £2.17m to £1.12m for the financial year ended February 29, 1980. The directors are, however, re-

commending an unchanged final divideod of 4.58p, making a total distribution of 6.38p, same as last

Interest charges were nearly trebled at £639,000 (£236,000). There is a tax credil of £160,000 2210.000 lax charge in 1978-79. Thus, net profit before extra-ordinary ltams wsa down by a lower percentage—34.6 per cent —lo £1.28m (£1.96m), to give earnings per sbare of 13.23p (21.S2p).

eroded by an extraordinary debut of £540,000, which represents the lotal cost of the group's recent

The group bas received £250,000 following settlement of Iltigation with Western Pharmaceuticals, but this will only appear in the 1980-SI figures.
Turnover of the group, which is also in photographic wholesaling and optical retailing, was

But at the attributable level the effect of the tax credit was

TWO WATER The recent offers for sale by

Water Company and North

Surrey Water Company redeem-

able preference stock, attracled

17.2 per cent higher at £115.1m

applications for £6,967,000 end £5,897,300 of stock respectively. SHARE STAKES

Guthrie Corp.—The beneficial interest of J. G. Hogg, director, has been reduced by the sale of 55,000 ordinery. Foden - Norwich Union Life reorganisation. Thus, attributable Assurance Society now hold profit was 67.3 per cent lower at f640,000 (£1.96m).

Assurance Society now hold 990,368 "A" ordinary (7.81 per cent).

## Second half fall leaves Young Brewery behind

DOWNTURN from £758,842 to construction costs, A DOWN TORN Trible 202 to the control of the fact of the taxehle surplus of Interest charges were £154,000 Young and Co's Brewery behind higher but edding these beck in at £1.55m for the yeer ended still leaves profits only 3.5 per March 31. t980, compered with cent up. Repair costs were exceptionally high in the second-half

Mr. John Young, cheirman, hut a more basic problem wes blemed high interest rales at a lime when the company is in-driven up prices to the point that votved in rebuilding the Turnover, although slightly aheed at £20.59m (£19.15m), did

not keep up with inflation, he

explains, because the company, in common with other breweries, had e policy of penging prices for 12 months. Dreught heer sales, which eccount for 75 per rent of the total amount, were up by 0.5 per ceol, but keg and bottled beer sales were down. The cost of materials and expenses rose by

8.2 per cent.

The final dividend is increased to 2.2p (1.8223n) net per 50p share meking the total for the yeer 4.3p, against 3.5223p.

comment Even excluding the hrewery cent.

a pint of mild sells for 11p more in some pubs than in others. As a result, in the highly competitive Landno area, the company has been losing merket shere. Draught beer, which represents 75 per cent of sales, was up by only a per cent while other beer sales were down markedly. The group is now thinking of taking more houses under direct management, thereasing its own margin. The hrewery construclion is proceeding roughly on schedule, though chove hudget but for the moment Young will the depending on its new teger to improve sales. At 165p, the shares trade on a multiple of 7.3 times reported earnings. This is lowish for a regionel brewer, but so is the yield of 3.8 per

M	. J	. H. Nighting	ale	& C	o. L	imit	ed
27/28	Lov	at Lane London EC3R &	BEB	Te	ернопа	01-621	1212
IS7	9-80 Low	Company	Price	Change	Gross	Yield	P/E
99	60	Airsprung	62	<u>-</u>	5.7	10.a	3.71
50	26	Armitage and Rhodes	34	_	3 a	11.2	
277	185	Bardon Hell	277		13 8	s.ő	2.2†
100	78	County Cars 10.7% Pl.	78		153	19.6	a.1†
າຕ	63	Osborah Ord	S3	_	50	5 4	. =
725	38	Frank Horsell	123	_	7.5		10.2
129	98	Frederick Parker	98	_	12.8	a.4	7.6
156	102	George Blair	102	_	16.5	13.1	4 5†
73	45	Jackson Group	7.7			15 7	—t
153	105	James Burrough	.00	=	5 2	7.1	4 31
300	242	Robert Jankins	237	_	7 2 31 3	69	3 2

# Government and the EEC authorities to take prompt action to restore fair competition in the UK sugar market.

# 1980-the first half

Extracts from the Interim Statement by the Chairman, the Rt Hon Earl Jellicoe



Pre-tax unaudited profits for the six months to 31st March 1980 were £9.2 million (1979 first half, including asset realisations: £11.2 million)

Copies of the Interim Statement for the six months to 31st March 1980 may be obtained from J E Wright, Secretary, Tate & Lyle, Limited, Sugar Quay, Lower Thames Street,

In the first six months of 1980, we were able broadly to hold our ground. Trading profit (£16.4 million) was significantly higher than in the equivalent period last year. If the 'exceptional' eamings from asset realisations (£4.9 million) in the first half of last year are excluded, we were, despite higher interest charges, able to

The trading climate in which we operate in the UK and overseas remains difficult. Within our businesses, we are maintaining the pressure to improve our competitiveness and strengthen our financial base and are making progress.

make an improvement in pre-tax profits

from £6.3 million to £9.2 million.

The EEC's delay in resolving the problem of excess beet sugar production in the Community is already seriously affecting the profitability of our UK cane refining operations. The African, Caribbean and Pacific sugar which we refine must not be squeezed out of the UK market by surplus beet sugar.

	31st March Smillion	31st March £ million .(restated)
Turnover	634.3	541.3
Trading profit Exceptional items	16.4	10.8 4.9
	16.4	15.7
Interest	7.7	6.8
	8.7	8.9
Share of associated		
companies' results	0.5	2.3
Profit before lavation	9.2	11.2
Taxation	2.8	3.3
Profit after taxation	6.4	7.9
Profit attributable to		
minority interests	0.7	0.7
Profit attributable to the		
shareholders of Tate & Lyle, Limited	5.7	7.8
Dividends (reflecting		
changed payment pattern as notified)	2.2	1.4
	3.5	6.4
Earnings per £1 ordinary stock unit	10.5p	13.5p
STATEMENT OF TOTAL GRO for the six months ended 31st		
		E million
Reserves at beginning of the p Differences on exchange Profit retained	eriod	158.1 (0.5) 3.5
Extraordinary items		1.1
Reserves at end of the period		162.2

**GROUP PROFIT AND LOSS ACCOUNT** 

# If any mining house is going to do well, we will too.

1979 RESULTS

1979 has been a good year with steady progress and, with few exceptions, an improvement in turnover and net attributable profits on all fronts.

Notwithstanding a record profit of nearly £150 million, re-expressed in 1979 terms profits per share last year were still lower than they were in 1973, when the actual profit earned was only £66 million.

In contradistinction to earnings, the proposed dividend re-expressed in 1979 terms is the highest ever paid.

DEVELOPMENTS

In the first half of 1979 we decided to acquire and re-open the Wheal Jane tin mine in Cornwall. This company has in the past been a useful supplier of concentrates to our tin smelter, Capper Pass. Good progress has been made with the reconditioning of the mine. It will resume production on a small scale around the middle of the year and should reach full output by the early part of 1981.

We have decided to subscribe an additional £5 million to the capital of Rib Tinto Rhodesia (soon to be renamed Rio Tinto Mining Zimbabwe), in which we hold a 51% beneficial interest. The money will be used to finance a carefully defined expansion programme and includes the opening up of two mining properties. This is an act of faith in the people who work in our organisation and in the sincerity of the new Government. It is only by support of this kind that it will be able to find a solution to the serious unemployment and resettlement problems with which it is faced. Other developments include the up-grading of the aluminium smelter at Bell Bay, Tasmania, by Comalco, and the expansion of the Lornex copper mine in British Columbia. In Panama, we have reached an agreement in principle with Codemin, a Government agency, under which we are undertaking a programme of work to reassess the viability of the large low grade porphyry ore body with reserves of over one billion tonnes, which would be developed by open pit mining. The viability of the project will, of course, depend primarily upon copper prices, but on the basis of known existing copper properties in North and South America, Cerro Colorado must rank as one of the great potential mines of the future. up-grading of the aluminium smelter

EXPLORATION

the future.

In 1979 the Group spent £32,500,000 and in 1980 there will be a further increase.

Exploration is the life blood of a mining house with its constant need to find new ore bodies to replace those that are being currently worked out. The Ashton diamond venture is most exciting and most promising and it could come into operation earlier than predicted last year.

WESTINGHOUSE AND ANTI-TRUST

As regards Westinghouse, there have been several important developments. The Court of Appeals in the United States has ruled that Westinghouse may not proceed in the Chicago case against RTZ, as a nonappearing defendant, until the case against the appearing defendants has been decided.

RTZ Corporation of America – a subsidiary of RTZ Borax - which was one of the appearing defendants in the case. has now been released from it.

The Protection of Trading Interests Act was introduced by the British Government towards the end of last year, received bipartisan support in Parliament, and reached the statute book in March. This measure reflects the British Government's fundamental objection to continued attempts by the United States Courts and regulatory authorities to extend the application of their anti-trust and other laws beyond the territorial limits of their own country, and it should, incidentally, further reinforce RTZ's position in the UK.

RÖSSING

At Rössing the position has improved. In 1979 the technical performance of the plant was good, its rated capacity was reached and the company made a good contribution to Group profits. No tax was payable on . the profits earned, no dividend was paid to any of its shareholders, but the result of the year's work was a strengthening of the company's financial position, some reduction in its debt and a better relationship between capital and borrowings. However, the same wearisome and unfounded attacks have been made on our operations there. We believe that

the development of the Rössing mine with its firm non-racial policy, its high standards of health and safety, its training programmes for semi-skilled. skilled and management levels, its continuing expenditure on and expansion of housing, hospital and health services, educational, social and recreational facilities, its establishment and financing of the Rössing Foundation, is bringing major benefits and opportunities, not only to its employees and their families but also to the country and the community at large.

I am convinced that if those people in responsible positions, who continue to make unfounded allegations about conditions there, were willing to accept an invitation to visit Rössing and judge it in good faith, they would find the situation there startlingly different from the one they are constantly asserting.

The political future of Namibia is still uncertain. It is to be hoped that present consultations will result in an early agreement for the transfer of the territory to a newly elected, independent and internationally recognised Namibian Government.

FUTURE OUTLOOK

The year has started well as is only to be expected from the buoyancy of metal prices during the first quarter but during the last two months prices have fallen substantially - in some cases to below the average levels of 1979. Inflation still goes on at an unacceptable rate. The international situation remains uncertain and threatening. But morale is high; our mines are low cost producers and with our spread of activities, if any mining house is going to do well, we will too.

CHAIRMANSHIP
As you will remember, the objective
I set myself when I presided over my
first annual general meeting in 1976
was to separate the two functions of
chairman and chief executive and to

create two full time top jobs. Last year I told you that during 1978 Mr Alistair Frame had been appointed chief executive. It must seem to have taken a very long time to reach a decision about my successor. That decision has now been taken. Sir Anthony Tuke, the chairman of Barclays Bank, who will be retiring from executive duties there in April next year, has accepted an invitation from the board to succeed me at the annual general meeting of 1981, in twelve months' time.

He will be joining our board in a non-executive capacity later this year. With his wide knowledge of finance and close relations with the countries in which our principal overseas subsidiaries operate, he will be of great value to the company and we are extremely fortunate to have secured his services. I am sure that with Sir Anthony and Alistair Frame, with their different but complementary experience, the future of the company is in good hands.

THIRD WORLD DEVELOPMENT

I would like to say something about the development of the Third World and the role that the multinational companies can play. Few would dispute that the discipline and controls exercised by private enterprise are far stricter and tighter. giving far greater value for money and a far higher level of wealth creation. They have the technology and money and skills and, quite often, branch operations or subsidiaries in the countries most needing help. They would, I am sure, be prepared to. provide advice and training as well. But to make progress, there must be a willingness on both sides to cooperate and those requiring help

operate and those requiring help should beware of looking gift horses in the mouth, or demanding as of right the free transfer of technology, where educational standards are not far enough advanced to contribute to the development of that technology.

A few weeks ago the Brandt

Commission Report was published. It explains the problems and stresses the urgency of their solution. It also recognises that a Summit meeting should be held, confined to a small number of the world's leaders, unsupported by their staff, to make recommendations for action. We already have an admirable example in the World Bank of the effective financing and supervision of major projects in the Third World. Perhaps their horizons could be extended, or perhaps some alternative agency could be set up. In either case, however, bilateral discussions on a clearly defined form and scope of assistance are required, if any of the progress which we all hope for is to be made.

Mark Turner be made. Mark Turner

Chairman, 28 May 1980



RTZ The RioTinto-Zinc Corporation Limited

Sir Mark Turner's speech, the annual report, and fact sheets, are available from: The Secretary, RTZ, 6 St. James's Square, London, SWIY 4LD.

Companies and Markets

THE COLLAPSE of U.S. imported beef prices in the second quarter pushed Thomas

Borthwick and Sons, interoa-tional meat trader, into taxable losses of £0.99m for the aix months to March 31, 1980, com-pared with profits of £5.64m

The interim dividend is being omitted—in the light of current market conditions, the directors bave decided to delay any decision on payments until the full-year results are available. Last page of the page of

year's interim was 3.4p, followed by a final of 3.5p. Mr. Bill Bullen, chairman, says

it is extremely difficult to pre-dict year-end results which will be dominated by the behaviour of the U.S. imported beef

market. The picture can change rapidly but there can be little doubt that this will be a disappointing year, be sdds. Pre-

tax profits totalled £7.34m for 1978-79.

At the annual meeting in Janusry, Mr. Bullen said first quarter results were a little ahead of target. He now says the

unexpected collapse of imported beef prices in the closing weeks

beef prices in the closing weeks
of the period cost the group
some £6m. The sharp price
change came when its works in
Australia and New Zealand
were building up stocks as the
cattle season got into its stride.
New Zealand lamb markeling
has been satisfactory the char-

has been satisfactory, the char-man says. The large Iranian contract to supply 64,000 tooa of lamb bas proceeded, with ship-ments going according to acbedule and prompt payment

being receivad.

The project involving ration-

allsation of slaughtering in New Zealand with a change of owner-ship of the group's Waingawa Works has been terminated

ecause of unfavourable condi-

tions affecting the other party. UK meat slaughtering, pro-

cessing and importing operationa were just as hard-hit as those in

**Borthwick swings into** 

the U.S. The group ia therefore well advanced with a programme of further heavy reduction of

This will mean the loss of more than 100 jobs and the elo-

There were stated losses per 50p share of 5.62p for the balf-

year, against earnings of 5.82p. Tax took £1.02m i£2.92m), giv-

Saga to lease

manage the company's substan-

it will be advaotageous to com-

industrial

equipment

overheads.

**UBM** expands

tinue at least through the greater part of the period.

UBM, however, is now in a

much stronger position to face these conditions and take advant-age of sultabla opportunities to expand its businesaes, be states. Oo capital increased by last

year's rights issue, earnings per 25p share are shown as 14p (8.7p), and the dividend is lifted to 5.5p (4.73p) net with a final payment of 3.5p—at the time of the issue directors expected to

at least maintain the total.

UK trading conditions were generally good. Mr. Phillips explains. The merchant division achieved "an outstanding improvement in profitshility," and although new housing servicity.

although new bousing activity continued to decline, and indus-

trial and commercial building was at a relatively low level, the home improvement market was

huoyant, he says.

Cash sales through UBM's showrooms and self-selection centres increased to £34m, and

represents 20 per reot of sales of the merchant division. The combination of substantial cost reductions and improvements in

productivity resulting from re-organisation together with the concentration of the group's buying power bad a marked effect on margins, the chairman

states. Excellent progress was also made by the scaffolding and

with the rights issue, and the proceeds of sales of a number of

husinesses and surplus properties has greatly reduced

A revaluation of the group's freehold and leasehold properties

al February 29, 1980 revealed a surplus of some £21m.

motors divisions.

# Exchange Telegraph up by 21.5% to over £3m

of nearly 11 per cent, pre-tax profits of the Exchange Telegrapb Company (Holdings), communications group, increased by 21.5 per cent from £2.56m to a record £3.11m for the year ended March 31, 1980. Turoover jumped to £72.06m, compared with £24.73m adjusted to Include the present the company of the company of the present the company of the present the company of the c the restatament of advertising turnover in terms of billings.

The results include for the first. time a full year's contribution from Wigmore Holdings and its subsidiariea (principally the Royds Advertising Group) acquired at the end of March,

Trading profits for the year dvanced from £2.36m to

(£2.871) and £476 (£426). declining demsnd for the Rac-Earoings per 25p share were ahead by 9.5 per cent at 18.4p declining demsnd for the Rac-ting News Service has been more as higher at £355,440, against than offset by the growing popu-

is raised nearly 16 per cent from 6.04675p to 7p net, with a final

Tax charge was up from £1.07m to £1.35m and minorities took £24,000 thla time. An extraordinary deblt of £155,000 (nil) comprised redundancy and other costs in respect of the rationalisa-tion of printing capacity and a profit on sale of a leasebold

property.
Dividends absorbed £658,000 (£562,000) leaving a retained profit of £918,000, compared with

### comment

advanced from £2.36m to £3.48m, before reduced associates' contributions of £145,000 (£211,000) but higher interest charges of £518,000 (£211,000).

A division hreakdown of turnover and trading profits shows (with £000's omitted): sporting and financial news services £12.262 (£9,963) and £1,562 (£1,236 (£1,178); printing £12.356 (£1,178); printing £12.356 (£2,471) and £1.76 (£2,271) and £2.76 (£2,271) and £2.76 (£2,271) and £2.

balf-sbare in the loss of perhaps stantial earnings from Prestel-related activities still looks two in three years away. The fully-taxed p/e is an historic 10.

### **Buckley's Brewery** tops £1m

A trnubled year for the printing A SECOND half advance of division held back group profits f181,696 pushed taxable profit at at Extel to a relatively modest Buckley's Brewery up from sdvance, allowing for the impact of the Wigmore acquisition. The market responded by market

Indonesia £1,173 |£657); Papua New Guinea £149 (£189); Australia loss £75 (nil) and

Stated earnings per 25p share were up at 32.79p (30,92p) after tax of £3.72m (£2.98m) and s 7p net final dividend raises the total to 10p (8,25p).

After an extraordinary debit of £132,387 (credit £414,565) and

dividends, which absorbed £0.84m

(£0.69ml, the retained balance

emerged lower at £1.79m, against

Nigeria nil (£82).

# **UK** and Indonesian interests help Warren Plantation to £6.79m

SHARPLY improved performance despite national problems in from a recent UK acquisition Assam, the group's main tea and from its Indonesian estates growing area, tea production in enabled Warren Plantation Holdings to lift 1978 taxable profit by £0.89m to £6.79m. Although well down on the £10.9m peak reached in 1977, the outturn bettered the forecast of results similar to 1978, given by the company in January this

Midyear profit had fallen from £1.72m to £0.74m.

an encouraging start to 1980. Resulta from Joseph Mason, acquired in 1978, and DKS India has not been disrupted.

"Prices for all commodities remain at profitable levels and the group's commodity and geographical spread should help tn insulate it against a downturn in any particular area," the directors add.

Reflecting the benefits of diversification, operating profit of £6,28m (£5,12m) for 1979, before (£0,68m) was derived, with Resulta from Joseph Mason, £000s omitted, as to: UK acquired in 1978, and DKS £1.576 (£242); India £2,064 Containers are above hudget and, (£2,477): Kenya £1,393 (£1.437):

(MOULDINGS) LTD

Fine art mouldings, manufacturers and importers

"Pre-tax profits

At the Annual General Meeting held on 29th May, 1980,

\* Pre-tax profits rose by over 15% to £1,122,179, the first

\* The total dividend of 2.1p per share represents an

\* The decision to build a new larger warehouse in Bradford

\* The short-term outlook provides some cause for concern

time that we have passed the £1 million mark. After

adjusting for the capitalisation issue net assets per share

increase of 81% over that paid for 1978 and is covered 5.8

has been fully justified and we are proceeding with several

other projects including new premises in Edinburgh

and sales in date indicate that 1980 will not be easy.

However, we have sufficient work in hand to keep the

factories husy at present and can march the competition in

£7000

6,552

1,122

12.20p

SECURITIES TRUST OF SCOTLAND LIMIT

Magnulia Group (Mouldings) Ltd.,

Sutton Road, Rochford, Essex SS4 INA

 $\mathcal{L}_{000}$ 

5,465

972

676

12.68p

1.lop

Mr. Rophael Wallrock, the Chairman, said:

rose from 57.3p in 68.4p.

which are nearing completion.

terms of quality and range nf products.

times by earnings.

Comparative Results

Group Sales

Profit before tax

Earnings per share

Per Ordinary Share-

Earnings

Dividends per share

Profit after tax

exceed £1 million"

Sales for the year reached £29.25m (£22.7m) with tea the main contributor at £14.04m I£13.82m) but surface coatings showed rapid growth from £1.41m to £2.25m. Coffee sales rose to £2.01m (£1.78ml; rubber £1.56m a Consideration and the second of the second (£1.02m); oil psim fruit £0.49m (£0.26m) and containers £3.44m (£2.74ml. Turoover of goods and services was down at £1.44m MAGNOLIA GROUP

£2.32m

Excluding the £1.1m spent on acquiring 51 per cent of Iffley Cotton Pty in Australia, capital expenditure during the year amounted in £1.77m. By year end total capital employed was up from £19.18m to £20.7m with the Australian development counter halancing the cut back lo india from £6.31m to £4.77m.

### TAGS' PREF PAYMENT

this stock will remain 12 months ordinary sbares.

# Causton moves up to £502,000

Joseph Cauaton and Sons was ahead 43 per cent to £502,000 debit of £8,000 (£11,000) pertain-, compared with 2.73633p. after interest charges, from ing to redundancy payments, net TAXABLE GROUP profit of ward and by the excess of capl-printers and publishers Sir tal allowances over depreciation. Joseph Cauaton and Sons was After tax and an extraordinary £351,000, for the half year to March 31, 1980. Interest of £68,000 (£152,000) paid this time was considerably lower than previously, as a result of last year's one for three rights issue and

property sale. Causton Cartons, Canston Publishing and Eastern Press provided most of the group's profit growth. The performance of the other divisions was satisfactory.

Against a difficult economic background and some trade union disruption during April and May, the short term outlook uncertain, the board warns. that the long term prospects are

Group turoover for the period was £5.09m (£4.3m), after taking nut material content of £1.9m (£1.7m). Tax for the balf year was

£165,000 |£79,000), having been reduced by losses brought for-

1979

1980

5.200

ing to redundancy payments, net interim profit of the group was £329,000 compared with £261,000 last time. The hoard has declared an

Interim dividend of 0.7836p per share (1.1194p gross), maintain-

### **Pyramid** dividend is raised

Despite a fall in pre-tax profits for 1979 from £248,637 tn £210,788, Pyramid Group (Publisbers) is paying a slightly

payment is 2,223r Final

per share was paid at the end of March in view of notice that Pyramid has been a close company " since late 1976.

Turnover during the year ruse frnm £1,369,805 to £1,415,384 and interest received increased by £23,072 to £85,003.

Profit aliributable to the group,

after extraordinary credits of £78,45fi (£78,457), fell £13,459 to The lax charge for the perind was down from £138,868 in

£113.202 Earnings per 10p share before the extraordinary item are given as 4.9p against 5.5p. After extraordinary item the figures are 8.8p, compared with 9.5p.

# Hay's Wharf rises 34%

LARGELY according to plan, iaxable profits of Proprietors of Hay's Wharf expanded by 34 per cent from £2.26m tn £2.9901 for the six months ended March 31, 1980, nn turnover of £39.9m against £30.6m, a rise of 30 per

The directors say there are signs that during the current half there will he a cut back in demand fur the services of the group's storage, distribution and hottling companies, as customers take steps to reduce stack levels because of high interest rates. However, they feel it is too early to tell how far this will affect profits for the second six manths. profits for the second six months. In the longer term, earnings should benefit from the group's current capital expenditure programme and from disposals of low-yielding assets, they add. Despite the 1978-79 first balf being affected by the industrial troubles, the full year's prints on eapital increased by last July's rights issue, stated first haif 1979-80 earnings per fit share are 12.43p [11.59p] and partly to reduce disparity, the net interim dividend is 2.58p, as forecast, compared with 1.72p—

forecast, compared with 1.72palso forecast at the time of the rights was a maintained final payment of 4.63p, which would lift the total to 7.21p (6.35p).

After tax of £271,000 against 177,000 against 1 £178,000. net profits came through shead at £2.72m

( [2.09m).

Trading companies were little affected by the steel strike, the directors state, but the Belgium continued in experience difficult trading conditions.

Good progress was made. companies and since the end of Beaumaine International SA, no satisfactory terms—trading losses in date of sale have been provided for in the accounts. Some further investment was

made to increase the sinrage and spirits bolling apacity of Strathleven Bunded Warehnuses, and in the development of new document storage premises for Hays Business Services. Since the end of the first aix

months, the oils and chemicals divisinn has extended ils chemical merchanting facilities by the acquisition of Chemical Specialists (Polmont), bused near Falkirk.

programme, authorised following the rights issue, is now being put into effect, directors state, and will hegin to earn revenue during the 1980-81 year, directors stale. Pre-tax profits were struck after depreciation £1.29m (£1.05m), interest £836,000 1£920,000), and pre-operational and exceptional interest of £97,000 (£29,000), and included share of £7,000 associates'

The capital

# loss and omits interim 104% to £12.2m

more than 100 jobs and the elosure of some locations in Britain
—the restructuring and its costs
will be completed before the
year-end, the chairman adds.

Retailing in England and
France—Matthews and Boucheries Bernard—continued its
growth with a 17 per cent rise
in operating profits, and the
outlook appears good.

Midland Cattle Products
suffered a sharp profits set back
because of the world commodities position and s strong pound,
together with severe inflation of
energy costs. a suitable return is offered, the amount invested in the future will increase broadly in line with

# pays 8p

energy costs.

The earlier recovery in flavours and essences, and food manufacturing bas been alowed by continuing inflation and high interest rates, the latter felling back into locate Houseau and the latter felling back into losses. However, con-tracts have been signed to sell the loss-making catering business of Thwaites and Maithews. pre-tax surplus of London Sumatra Plantations rose from £8.93m to £9.82m, and the divi-dend is lifted from 6p to 8p net with a final of 6p.

ing a net descit of 2.01m (£2.71m profit). C2.71m pront).

Turoover amounted to £297m.

compared with £278m: The pretax loss was after share of an
associate's profits up from
f0.53m to f1.36m.

Lex, Back Page

share up from 29.91p to 35.45p.
After extraordinary debits of
£334,000 (£57,000) and lower
exchange losses of £333,000
t£2,65m], there is an attributable surplus of £4.98m (£2.03m), of which £1.28m (£0.96m) la absorbed by dividends.
Comparative figures for 1978

The directors of Saga Holldays, in considering how best to for rupiah profits up November 15, 1978, and

Apart from £7.5m from advance payments for boildaya, the group had £3m funds invested, as at June 30, 1979, which the directors believe are at a level that can be used to achieve a greater rate of return, and to mitigate what is now a considerable annual tax charge.
They intend to enter into contracts of soma £2m prior to June 30, 1980 year-end, and provided

# London Sumatra

INCLUDING trading profits of £8.29m, against £7.71m, from Indonesian subsidiaries, the 1979

Turnover rose by £60,000 to £19.79m. The surplus includes investment income of £1.01m (£0.84m) and Malaysian profits up from £0.39m to £0.52m.

Tax again takes £4.17m, leaving stated earnings per 10p

have been restated to incorporate Indonesian results using the pre-devaluation exchange rate year-end rate for post-devalua-tion profits.

impressive achievement has been to improve margins on the non-

beer activities. Its hotels have

maintained good occupancy levels and a progressive switch to own-

product wines has helped the wines and spirits division. Greenall is treading carefully on

the Shipsione acquisition — Shipstone pubs have a high

barrelage and the group does not wish to jeopardise this hy exten-

quence, cash flow has been used

to reduce borrowings - down

br £9m to around £16m. With a good summer in view, Greenall could nudge £20m for the full

year, which would leave the

forecast dividend covered more

than 21 times by fully taxed

earnings. The shares yield 4.9

# Greenall Whitley advances 25% in first six months

in the first half, resulting in a lower interest charge of £1.16m

(£1.43m), and bas subsequently

after repairs to properties amounting to £2.22m (£1.8m) and

depreciation of £1.96m (£1.46m)

but includes investment and

short term interest of £193,000

1£100,0001. Turoover rose from

After tax of £3.06m. against £2.38m, earnings are shown as 9.110 (7.28p) on the 25p ordinary shares, and 1.82p 11.46p) on the 5p "A" ordinary shares. Divideods absorb £1.66m

The pre-tax profit is also struck

repaid a further £4m.

TAXABLE profits of Greenall, cash position, the group has Greenall has probably added Whilley and Company, brewer, repaid £5m of short term loans some market share but its most bottler and distiller, rose by more than 25 per ceot to £8.29m in the six mooths to March 23, 1980, compared with £6.61m last

Beer volume shows crease on last year, say the directors, aod thev encouraged by the results from all the group's activities so far in the second balf. But they waro that in the short term, recent excise duly increases on top of other inflationary pressures oo prices may well curb deciand. In the last full year, profits advanced from £11.54m to £16.07m.

The interim divideod Increased to 3p (1.5304p) on ordinary sbares and 0.6p (0.306p) on "A" ordinary shares. There

Taking advantage of a strong from the Allied strike last year.

will be oo secood interim pay-

Bolivia Railway is to pay on July 1 six months eash dividend of 1.75 per cent on the 5 per cent preference stock on account of arrears.

After this, the dividends on After this, the After this, t

The 25.5 per cent profits increase at Greenall Whitley

(£1.52m).

comment

the exceptional benefit derived

### Wheway Watson The siecl strike has eaten into profits of Wheway Watson Hold-

lngs, the chainmakers, engineers

and forgers.

The board estimates that as a result of the strie reduction in profit for the year to March 29, profit for the year to March 29, 1830, is of the order of £250,000.
Pre-tax profits for the year are indicated at around £510,000, after interest of £453,000 (£249,000).
These figures incorporate results of Joseph Shakespeare, laten year in Economic History

laken nver in February this year, reflecting a break-even situation. The audited accounts will be considered at a meeting on

June 24. Meanwhile, the intend to recommend payment of the forecast final dividend, At the interim stage they anticipated the dividend for the year would be increased by 123 per ceot. The previous year's total was 1.0047p.

### A SECOND half boost from per cent of shareholders funds 52.66m to £6.72m bas left UBM. Tax for the year took £4.51m per cent uf shareholders funds. Tax for the year took £4.51m compared with £1.68m, and after an extraordinary debit of £445,000 (£880,000), the attributable balance was £7.29m (£3.45m). Dividends absorb £3.25m against £2.33m leaving the retained profit at £4.04m (£1.12m). builders merchant, with record taxable profits of £12.24m for the year ended February29,1980.com-pared with £6.01m, a rise of 104 per cent. Sales improved by 9 per cent, or £22.6m, to £269.3m. Although there were still benefits to come from action taken to reduce costs and improve effi-Extraordinary items comprised further amounts provided for the closure costs of the window ciency, Mr. Michael Phillips, chairman, says that the group bas contracting activities, less profits oo the sales of businesses and experienced more difficult trad-ing conditions in the current year, which be felt would con-

surplus properties realised during the year. In addition, trading insses of £800,000 were charged in respect of the window side—no further losses chargeable to revenue, are

### comment It may be argued that, after such

expected in the future.

a long profits trough, UBM was due to come right but the recovery bas at least been achieved in no uncertain way. On a pure spending power adjustment the 104 per cent-tax Improvement does not take the largest independent builders merchant very far ahead of the 1974 peak yet, as far as it is 905-cible. sible, the group enters the recession with a reasonable degree of armur-plating. Cash generation last year amounted to over £3m which, with disposals and the 1979 rights issue proceeds, was sufficient to cut gearing to just 18 per cent. It was not so very long ago that UEM was 90 per cent horrowed. A strong cash position provides scope for expansion after se many years of conservatism and the after selections are conservations. sale market opportunities pro-vided by the thus far flourishing Ford dealerships may be the route through which UBM will loosen its 75 per cent sependency on builders' merchanting. For the moment, of course, the atock market is more interested in a sustainable flow of intome than The group generated a capital growth—the group substantial cash flow from sounding the now familitrading activities and together cantions regarding the current sounding the now familiar cantions regarding the current year—hut debt is forecast to rise hy no more than £1.8m before Februsry 1981 and there is no nbvious pressure on a dvidend covered 2.2 times by historic published earnings. The yield is 12.2 per cent at 69p, up to yesaled a terday, and the p/e looks reason-The ably defensive at 4.8. The final effect of this was that group cost of sales adi borrowings at the year end make the CCA co amounted to £11.4m, being 18 obviously healthy. cost of sales adjustment may make the CCA cover look less

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This announcement appears as a matter of record only.

INTERNATIONAL FINANCE N.V. Curação, Netherlands Antilles

unconditionally guaranteed by LONRHO LIMITED, London, England

> Swiss Francs 60,000,000 7 per cent. Bonds due 1990

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Llordo Sank International Ltd. Banco di Roma per la Svizzera Sarque de l'Indochine el de Guez, Succursate de Lausanne CIAL, Crédit Industrial d'Alazce el de Loriaine Rewerbebank Gaden Maesti Baumann & Co. AG

3.64p Dividend 4.80p 3.53p107.5p 128.8p Net Asset Value Total Assets less Current Liabilities £52.8m Geographical Distribution of Portfolio UK North America Other Areas Japan 68.4 22.8 5.0 3.8 EXTRACTS FROM THE STATEMENT BY THE CHAIRMAN, Mr. J. G. Wallace FFA Performance for Year to 31st March 1980. • End of dividend restraints led to unusual buoyancy in revenue. Proposed dividend 36% up on last year. Net dividend increased 104.3% in last five years. Removal of dollar premium reduced sterling value of overseas assets. Outlook Uncertainty in the U.K. with high inflation and interest rates. Opportunities overseas while sterling remains strong. Exemption from Capital Gains Tax constructive. Objective to maintain earnings and dividend progress. Copies of the Report and Accounts may be obtained from the Managers and Secretaries, MARTIN CURRIE & CO., C.A., 29 CHARLOTTE SQUARE, EDINBURGH EH2 4HA.

**SUMMARY OF ANNUAL REPORT** 

YEAR ENDED 31ST MARCH

# Documents continue to bombard Ewer holders

pour through the tetterboxes of shareholders in George Ewer, the coach operator which is balling to fight off a bid from the company. It is to be the coach operator which is balling to fight off a bid from the company of the company of the company.

Yesterday the various parties posted: Ewer's interim results; Cowie to Ewer's shareholders Ewer's detailed rejection of the concentrates on reasons why he covid hid; and Cowie's second opposes Ewar's proposed acquiattempt to dissuade Ewer from buying Eastern Tractors.

Figures for the half year to the end of March show that Rwer's turnover rose from £270,000 to £212,000, despite a jump in interest charges from £272,000 to £127,000. Below tha line sales of properties for £1.4m produced an extraordinary profit of extraordinary profit of

No forecast is provided for the full year but Mr. Henry Ewer, the chalrman, said the second half should benefit from the interest savings made jossible by the property sales. It is also traditionally the better period for coach bire.

Meanwhite the interim dividend is to be increased from 0.5p net to 1p.

The figures are accompanied by a letter from Nr. Ewer which compares this front performance with that if Cowia which recently announced a 13.8 percent profit fall for the same

Mr. Ewer agues that Cowie is payable when results for the is trying to buy the company year ended June 30, 1980, are for less that oet asset value known. For nine months to which be put at 54.7p as at the March 31 turnover was \$9m and jast balance meet. Cowie's offer

Mr. Ewer also denies there is destructive testing services to my commercial logic to Cowie's customers principally in energy proposed nerger. He does not accept the Cowie's showroom network yould materially improve Ewir's hire car business industry accounts for the greater chich, he says, already has an idequate/ range of outlets brough Budget Rent-s-Car. He also denies any benefit similar

opposes Ewar's proposed acquisition for Eastern Tractors. His own offer is conditional npon the failure of the Tractors bld Mr. Cowle points out that Tractors had an attributable net loss last year of £244,000 despite a pre-tax profit of £10,369. Most of the loss relates to a provision for a problem associate company. He also notes that, if it stays independent, Tractors will not be paying a dividend this year although if Ewer takes it over Tractors' holders will receive

£61,000 as their share of Ewer's . Mr. Cowie also atresses the increase in Ewer's borrowings which would result from the acquisition. Tractors has borrow-

### COSTAIN'S U.S. ACQUISITION

Costain Group has acquired Consolidated X-ray Service Corporation, of Dallas, Texas. The cost is \$3.2m and a further amount, not exceeding \$700,000, profit before tax \$900,000. Consolidated provides non-destructive testing services to and chemical process industries. Within this area gas transmiston and pipeline construction

part of the husiness. Costain anticipates that this company will have a somewhat national shares would receive customer hase to \$8.4 per share,

Trend Construction Corporation, sequired in July 1979, and which builds compressor stations and gas processing facilities.

### Tilling's £8m U.S. purchase

Thomas Tilling, the diversified UK industrial group, is adding yet another company to its recent string of U.S. acquisitions with the \$18.5m (nearly £8m) purchase of Badgerf Northland, a Wisconsin-based maker of farm

Badger, formerly a subsidiary of Massey-Ferguson, earned profits before interest and tax of \$3.6m in the year to October 31, 1979, on sales of \$35.1m. The company's asset value at that date was \$22.5m before deducting inter-company bose repayment is included in the purchase price.

Badger's product range covers livestock feeding and farm waste disposal equipment and systems including silo unloaders, feeders and conveyors, and barn cleaners. Tilling's present interests in the farm equipment market are managed through the Gascoigne Group, which has operating com-panies in Britain, Belgium, Den-mark, France and West Germany. The Badger range, although designed for the American market, will complement that of Gascoigne, Tilling said.

### INTL. BASIC/ BOOKER

Sharebolders of International Basic Economy Corporation, of the U.S., are to vote on June 30 on the company's proposed merger into a unit of Booker McConnell, of the UK. Public holders of 1.2m later-

### **REPORTS TO MEETINGS**

# names behind bid

BY RAY MAUGHAN

IF THE £600,000 bld by stockbrokers Simon and Coates for engineering group, Christy Bros., is accepted in full, British and Commonwealth Shipping, through its Mentieth investment Trust subsidiary, will hold 20 per cent of the county per cent of the equity.

Other substantial sharebolders lined up by the firm include The Representative Body of the Courch of Ireland which will hold 12.5 per cent. Simon and Coates is acting as principal in the hid but has fully underwritten the offer. The firm's private clients will control 25.25. per cent of the equity and the former Armstrong Equipment director designated to represent the new investors on the Christy board, Mr. J. Dyer, will, in con-junction with his wife, maintain his near-10 per cent involve-

The stockbroking firm and its clients already hold 20.5 per cent of the shares and believe that Christy "may well require further capital either immediotely or in the near future." The details of the group's misfortunes chronicled in the offer document, will be only too painwho are being asked to accept a cash hid of 30p per abare.

For the moment, the Christy board is counselling share-holders to take no action affead of a detailed defence to be published before the stock-broker's offer closes on June 13.

Simon and Coates will attempt to maintain the listing of Christy'a ordinary and prefer-ence share capital and, to this end, all Christy shares acquired connection with the offer or purchased by the firm Itself will be sold to investment clients at a maximum price of 31ip per share.

### Charterhouse to seek listing for oil side THE Charterhouse Group, the banking interests should be large advised that there would be no

investment and banking com-pany with large industrial interests, is intending to obtain a lising for the stock of Charterhouse Petroleum Development, the group's own oil exploration and production company, later

harterhouse intends to retain briween 40 and 49 per cent of fit enlarged equity of Charter-huse Petroleum as "a long

Mr. Nigel Mobbs, Charter duse's chairman, told share-biders at yesterday's annual gueral meeting that "we are SCHING reating a new independent ritish oli company which will e free to exploit new opporinities as they arise and estabsh a true value for the group's li interests. It will also ensure nat the very significant costs f developing oil discoveries will nt be a burden on the group's hility to expand in other areas

> "At present the full detailof this issue are still heing dis-ussed," he added. Further articulars of this issue will be ent to shareholders in due ourse if your board decides to roceed with the flotation." Commenting on the group's 39.6m agreed hid for Keyser Illmann, Mr. Mobbs pointed out nat Charterhouse is again ecoming an investment and anking group. To achieve this

enough to effectively cerve customers' requirements. This could be achieved by the allocation of funds from the groun but this would mean that growth of the bank would be slow and group resources would have been stretched as capital injections adversely affect gearing without the balance of compensating

He said that the acquisition of Keyser Ullmann would provide Charterhouse's banking sub. sidiary. Charterhouse Japhet. with an opportunity to increase the base of the banking Shareholders will receive

further information on the acquisition in about four weeks and be asked to approve the necessary increase in share capital at an extraordinary general meeting later in July. On current trading within the Charterhouse Group, Mr. Mobbs said that despite "somewhat pessimistic husiness conditions, I am pleased to be able to report that the group's results for the first three months of the current year bave exceeded expecta-

He added that the group was looking forward to a better year for profits in 1980 "which should again he materially assisted by increased oil revenues even though such profits are more highly taxed than other profits." After the meeting Mr. Mobbs hjective it is essential that the said that the group had been

problems with the influential Committee Accepting Houses over the group's takeover of

Unlike Charterhouse Japhet, Reyser Ullmann is not a mem-ber of the Accepting Houses Meanwhile Grieveson Grant

and Co., as associates of Charbave bought the Keyser Ullmann following Keyser Ullmann ordinary shares on behalf of discretionary Investment clients: 65,000 at 750, 25,000 at 73p. Grieve on Grant bave also bought 12S ardinary of Charter-Japhet (account/client). At other annual mee, ings, the chairman reported as follows:

London and Scottish Marine Oil: Mr. Geoffrey Searle said the company was expecting the third Minian field platform to ctart production in July of this year. The platform, in the north of the field, would supplement the central and soutbarn platforms which had been producing an average of just under 210,000 barrels per day so far this year. The chairman told members that the rate of drilling bad recently improved considerably and denied that there were significant reservoir problems on the field. LSMO bas a 7.8 per cent interest in Ninian.

Answering a shareholder's question, Mr. Searle said he expected production plans for blocks 16/17, the "T block," to

year." LSMO has an 8.52 per cent holding in the block through Oil Exploration (Holdings), which merged with LSMO last year. With LSMO now benefiting from Ninian cash flow, Mr. Searle said the company planned a substantial repayment of bank horrowings next month. He declined to specify, bowever, when precisely LSMO would repay its 14 per cent loan stock. falls due between 1981 and 1983

Mr. Searle told the meeting that the rate of increase in Ninian production would olow Hewett gas field would be main-tained in cash terms only.

LSMO acquired further pro-perties in Kansas in January of this year and Mr. Searle said they have increased production by around 50 ner cent to 1.500 h/d. I.WSO is striving to improve the efficiency of its U.S. operations but the chairman stressed that this would not produce a dramatic increase in production. BICC: Sir Raymond Pennock stated that sales and orders for he first four months of 1980 had held up well and the group's nerformance in this period was nn to expectations both at home and abroad. The board, therefore remained confident that feethalf results would be satis-

However, in the last few weeks there had been a sharp decline in the level of the group's UK husiness and a narrowing of margins at home and abroad, and these factors were expected adversely affect its second-half

performance,
Bruntons (Musselburgh): Mr.
A. S. Wood said the improvement in volume output had conment in volume output had con-tinued throughout the first five months of this year and June also would be a good month. Because of the adverse factors affecting the UK steel wire, steel strip and wire rope industries. he added that it was not possible to forecast the second-half performance, but repeated that be was not pessimistic about the full

It was intended to pay an interim dividend of 4.25p net per share on October 31, compared share on October 31, compared with 3.79p last time.
Freemans (London S.W.9): Mr. A. Rampton said trade for the mail order group to the early months of thi syear had continued to be as difficult as in the latter months of last year and at present the group was not meeting its sales targets. The sharp increase in VAT last June sharp increase in VAT last June may atill be playing its part in reducing demand, but this effect should be coming to an end, he added. If all other things were equal he should be expressing confidence in a much better

second half.

Magnolia Group (Monddings):

Mr. R. Wallrock reported that
the company's latest sales figures
confirmed his belief that the confirmed his belief that the current year would be tough, and white every effort would be made to achieve the 1980 bndget, in his opinion the company would be doing well to show even a modest increase on its 1979

SPAIN	Price	
May 29 .		+ 01-
Bapon Bilbao	210	+2
Banco Cantral	238	+2
Banco Exterior	210	
Banco Hispane	209	
Banco Ind. Cat	122	
Banco Medrid	141	
Benco Sentender	257	+5
Banco Urquito	150	
Banen Virceys	219	÷2
Banco Zaragoza	84	-2
Espanola Zine	80	2
FECSE		
Gal Preciatos	61.2	
Hidrola	86.5	
.iberduaro		-0.3
Petroleta	333	
Patroliber	59	
Sogefield	107	_
Telefonica	53.5	-1

**BOARD MEETINGS** The following companies have notified dates of Board mastings to the Stock Exchangs. Such meetings are usually held for the purpose of considering dividens. Official Indications are not evallable as to whather dividends are intering or finels and the subdivisions shown below are based mainly on last year's timetable.

TODAY
Interim: Wolverhampton and Budlay
Braweries.
Finels: Airliow Streamlines, Capital
and Counties Property, Chepman (Baiham). Cope Sportswear, London and
Overseas Freighters, Mineter Assets,
Warten Bruthers. FUTURE DATES

Clydesdels (Transveni) Colligriss June
Country Gentlemen's Associa
Culter's Stores June
Cormum and Mason June
Oceana Revelopment Inv. Tat. June Tanks Consolidated Investa. Trans-Natal Coal Corporation Trisfus Jone 0
Wheway Watson June 24
† Amended.

### DUBILIER TERMS FOR FLIGHT

Details of Dubilier's \$2.5m (£1.1m) proposed acquisition of U.S. aeronautical industry supplier Flight Connector Corporation, were posted yesterday to shareholders.

Some £920,000 is to be raised by means of a placing at 46p per share to be arranged by Hambros Bank-the Board explaining that this was thought to provide "more advantageous terms" than a rights issue.

The remainder, plus the apecial \$500,000 incentive fee payable to Mr. Irving Zeiger, Filght's chief executive, are to be made by drawing on a new \$15m, seven year Eurodollar loan which carries interest at 1 per cent over London Interbank Offer Rate. Mr. Rouald Hooker, Dubilier's chairman, indicates that further tranches of this loan will be employed in expansion of Flight's products and working capital

This will, in the short term, re-duce profits of Flight which, fol-lowing a study by accountants Peat Marwick Mitchell, are said to have amounted to not less than \$800,000 for the year to end-February on turnover of approxi-mately \$4.5m.

# Christy Bros. RTZ chief sees change in investment sentiment

SIR MARK TURNER, chairman the metal, and this too has Standard Oil of Indiana/Cyprus of Rio Tinto-Zinc, sounded an assumed a new significance," he Mines, Atlantic Richfield/optimistic note on the future said.

Anaconda—and the establishof Rio Tinto-Zinc, sounded an optimistic note on the future prospects of the mining industry in a paper presented in London yesterday, in contrast with the low-key approach he adopted at the London mining se's annual meeting earlier this week.

After outlining what be called the conventional wisdom approach to assessing the imme-diate future of the industry. Sir Mark rejected the arguments for gloom and told a joint meeting of the Institution of Mining and Metallurgy and the American Institution of Mining Engineers that "with determination, it should be president or make real abould be possible to make real progress."

in a paper under the title of "New mine development in ao uncertain world," Sir Mark gave three specific reasons why he believes that a change in senti-ment is taking place. These con-cerned the recent rate of explanation for new ore bodies. the entry of the cash-rich oil companies into the mining husiness, and moves by the mining houses to re-examine existing undeveloped properties. On the first of these, Sir Mark

pointed out that at present, more potential ore bodies are known about Iban in any previous comparable period. "It is not a case of not having previous comparable enough potential supply, but acquisitions by oil companies of solely a question of the price of mining concerns—Shell/Billiton,

low-grade copper ore bodies is no longer dependent solely on the price of copper, as many of them are associated with other metals — gold, silver and molybdenum for example—which, because of the higher prices they now enjoy, have completely altered the picture. Sir Mark gave several examples from current operations of RTZ, notably Bougain-ville, in Papua New Guinea. Primarily regarded as a copper mine, Bougainville last year derived revenues of \$192m (£81m) from its by-products gold and silver, compared with

\$285m from copper. The gold lying on top of the copper deposits at Ok Tedi, also in Papus New Guines, will generate an immediate and important cash flow which will significantly affect the develop-ment of the copper, be added. On the subject of oil com-panies. Sir Mark echoed the remarks given to the conference earlier in the week by Dr. Jack Birks, a director of BP, to the effect that the oll industry is likely to play an increasing part

future.

He pointed to several recent

The feasibility of mining large subsidiaries, for example by Exxon and BP, and sald that with oil prices escalating and earnings and cash flow expanding rapidly. I bave no doubt they will meet capital costs from their own resources."

Sir Mark feela that it is perbaps a consequence of the grow-ing interest of the oil companies in metal mining that there has been a move over the last year by the mining houses to re-examine some of their exist-ing undeveloped properties. He referred to work that is currently being done in Canada. Chile and Peru to re-assess the viability of known ore bodies and update feasibility studies, and mentioned RTZ's own recent agreemant with the Panama Government to re-examine the

As a further ground for his comparatively bopeful attitude, Sir Mark pointed to the need to Western industrialised world to improve the living standards of the Third World countries. This need is currently being recognised in schemes to stabilise commodity prices, notably through buffer stocks, and the provision of aid to mining schemes through the Lome II

### Cerro Colorado move causes surprise

THE NEWS that Rio Tinto Zinc reached agreement in principle with the Panama Government to re-examine the potential of the giant Cerro Colorado copper deposit has aroused considerable interest among other copper producers. Mr. Charles Barber, chairman of Asarco, expressed some surprise at RTZ's move in London yesterday, and said that under current conditions one cannot prudentiv assume a copper price bigh enough to justify the development of deposits of this

Basing his arguments on extrapolations of Asarco'a own experience with the Cuajone project in Peru, Mr. Barber told yesterday'o session of a confer-ence on the National and International Management of Mineral Resonrces that if the develop-ment of Cuajone were to be considered today, investors would bave to assume a copper price in 1980 dollars of between \$2.35 and \$2.70 per lb. to yield a 15; per cent return. The metal is currently selling in New York for less than \$1 per lb.

ing the implications of these figures, it is no wonder that Texasgnif recently announced that it would not submit a proposal for the development of the Cerro Colorado project."

Until the outlook for copper prices improves sharply, Mr. Barber said, consumers will have to rely on the expansion of existing mines, the development of smaller, relatively high-grade deposits, and on mines such as Ok Tedi and Asarco's Troy mine in Montana, which have respec tively significant amounts of gold and silver.

### Silvermines to raise £2.2m

SILVERMINES, the Irish natural resources and industrial group, poised itesif for further growth when yesterday it announced a two-for-seven rights issue at IR 110p (98p) to raise IR 12.5m

The announcement was accom- bar (Ireland).

tax profits of IR £1.69m for 1979, a 242 per cent increase in earnings of IR £495,771 ln 1978. Last year's net figure was swollen by an extraordinary profit of IR £916,692 arising from the disposal of freebold properties.

The group is declaring a final dividend of IR 2p, bringing the total for the year to IR 3p, double the distribution for 1978. It expects to pay a dividend of IR 3p for 1980 on the enlarged capital.

The object of the rights issue Silvermines explained, is to strengthen the equity base in order to take advantage of investment opportunities as they arise.
The group expects soon to
announce details of another
lodustrial investment.

Over the last year Silvermines drew benefit from profits growth at Mogul of Irleand, the zinc-lead producer in which it has a 25 per cent stake, and Anglian Windows, in which its stake is 26 per cent. It received higher royalties from the harytes operations of Magco-

# "The book of the year.. following the fortunes of a Dutch company across four continents... the risks, the profits... a revealing account involving millions"

The annual report of an insurance group about on the make dult reading, if it's Nationale Nederlanden. Despite inflation and recession, 1979 was 8 year of continued growth. Net profits increased by around 22%: Shareholdars will receive a dividend of DFIo 5.80 per share plus a bonus of 10%. The bonus ahare will also qualify for the 1979 dividend.

### Performance Further internationalisation of the

group's activities played a large part in the year's growth. Following a successful bid for America's Life of Georgia, Nationale-Nederlandan now counts four life and two non-life companies among its U.S. interests.

Together they contribute 15.5% of total premium income, and the Life of Georgia added substantially to the increase in revenue, which rose 18% in 1979. The group also acquired the Australian portfolio of Yorkshire General Life and the Proodos Insurance Company in

Management Skills

Nationale-Nederlanden's dynamism in business is tempered by caution in underwriting. Preferring quality to quantity...

1978 Highlights (in £1000,000) (in DFIs '000,000) Profit before tax: Net Profit 26716 22 449 2 143 (rate of exchange at 31 December 1979 £t = DFIs 4.227)

The group's involvement in last year's hurricane disasters was In the United Kingdom prudent underwriting left The Prior Insurance Company virtually unaffected by the unusual losses affecting Lloyd's and the London markets.

In brief, Orion's final figures showed premium income up 10% to £27.8 million, investment income up 20% and profits before tax reach £4.8 million (+17%). Total assets £89.9 million. Significant progress was also made by The Life Association of Scotland with increased premium income by over 24%. A record bonus of £6 million vas distributed to policyholders. Merchant Investors Assurance reported a strong growth pattern with a new premium increase of 43% and a 61% increase in pension premiums.

### Solid

Nationale-Nederlanden's strong home base (it's tha largest insur-ance group in the Netherlands) helped in weathering the downturn in non-life results abroad The indications are that growth in revenue and profitability will contirtue through 1980.

> Copies of the Annual Report in English can be obtained from: The Orion Insurance Company Ltd., 70-72 King William Street, London EC4N 7 BT The Life Association of Scotland Ltd., 10 George Street, Edinburgh EH2 27H Merchant Investors Assurance Company Ltd., Leon House, 233 High Street, Croydon CR9 1LP

and at Nationale-Nederlanden International Division 15 Prinses Beatindean, 2595 AK The Hague, the Netherlands.

Nationale-Nederlanden





PRE-TAX PROFITS

The Orion

TOTAL PREMIUMS INVESTMENT INCOME

**TOTAL ASSETS** 

UNDERWRITING RESULT -£ 0.7m -£ £89.9m

can be obtained from The Secretary, The Orion Insurance Company Limited, 70/72 King William Street, London EC4N 7BT.

Copies of the full Report, Accounts and Chairman's Statement

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NORTH AMERICAN NEWS

### AMC to reduce capital spending

AMERICAN MOTORS. smallest of the U.S. motor companies, is cutting capital spending by 15 per cent this year in response to slumping vehicle

demand and the resultant financial oressures nn the company. Mr. Wilson Sick, the com-pany's head of finance, said the economies would not affect the planned joint venture with Renault of France, but he declined to specify where the \$15m of savings would be

found.

AMC is forecasting a "size-able loss" for its third fiscal quarter ending in June and for the whole year.

The company's sales of its crucial Joep line have been badly hit as buyers have sought more fuel efficient vehicles. Sales in the current model year since last October 1 have been almost halved compared with the same period of the 1978-79 model year.

Car sales, belped by the sale of Renault imports, were still running ahead of the previous year's rate up to the end of April, but AMC has been hard hit, like the other U.S. manufacturers, by high interest rates AMC and Renault plan to start joint manufacture of a mid-range passenger car in the U.S. in 1982 and around the same period in Mexico.

# Sea Containers predicts strong upturn to \$50m

BY DAVID LASCELLES IN NEW YORK

SEA CONTAINERS, the large a third of its fleet to raise about U.S. container- and ship-leasing \$100m. concern, predicted yesterday This should reduce its heavy that its net income this year will be about \$50m, compared rates, which is benefiting any the with \$31.5m (equivalent to way from the recent sharp year \$3.68 a share) last year. decline in U.S. interest rates. Or \$3.68 a sbare) last year. decline in U.S. interest rates, Also Mr. James Sherwood. The group ended 1979 with a the president, said at the com-

cast for this year was met, the company would raise its dividend.

Sea Containers has been hard to being completed. The com-it in recent years by over pany has said previously that apacity in the conntainer ship-it expected to realise a \$20m hit in recent years hy over-capacity in the countainer shipping business and it is currently profit from the sales if all were

pany's annual meeting that a and with 64 per cent—or \$292m significant increasa in 1981—of this at floating rates. earnings was expected. He added that if the earnings fore—Cootainers had concluded \$55m of the planned \$100m ship sales for this year and that a further \$20m of sales was close

completed and that it would

Insurance Corporation

repay \$50m of its floating rate Yesterday Mr. Sherwood said that the group planned to tap the debt markets later this

On trade, Mr. Sherwood said that the company had seen "absolutely no sign" of the recession in the U.S. affecting world trade. U.S. exports were "hooming" he said, and the rate of utilisation of its container and chassis leasine operations was 90 per cent because of the high level of U.S. exports.

The company is currently trying to develop more special-ised containers for which

### First Pennsylvania rescue package wins approval

BY OUR FINANCIAL STAFF

SHAREHOLDERS OF First loan from the Federal Deposit Pennsylvania Corporation, holding company for the 23rd largest \$175m from a group of banks. U.S. bank, have approved a to make available a \$1bn credit \$1.5bn aid package put together line and First Pennsylvania will last month after it ran into issue lenders warrants to difficulties. purchase 20m of its common

The package includes a \$325m sbares at \$3 each.

### Better margins aid Jewel By Our Financial Staff

BETTER margins bave given Jewel Companies, the Chicagobased anpermarkets and drug stores group, a steady start to its current fiiscal year.

Net earnings totalled \$11.37m or \$1.01 a share for the rfist quarter-almost 25 per cent above 1979's corresponding

# Dravo sees brighter synthetic fuels outlook

THE OUTLOOK for the including the need for approprices and government under Indiana; a California Oil sand development of synthetic fuels priate safeguards on the econo-writing of investment. Mr. pilot plant for Getty Oil; and a in the U.S. has been brightened mic viability of synthetic fuel Dickey thinks Congress will coal gasification pilot plant in recently by several congressional actions, according to Dravo Corporation, the Pitts-Dravo Corporation, the Pitts- Prices of some synthetic from synthetic fuals, designers burgb group which has exten-fuels are competitive with oil and builders of pilot plants will sive engineering construction activities in this field.

Congress bas approved the channelling of at least 15 per cent of the revenues from the oil company windfall profits tax into synthetic fuel development and congressional committees have accepted some parts of the administration's energy pro-

mic viability of synthetic fuel Dickey thinks Congress will projects, Mr. Robert Dickey, approve some form of support. Dravo's chairman and chief Whereas oil companies will

executive officer, said. but "some customers are con- profit sooner. cerned that after buge investments (in such projects) they'll price war," be added.

They worry that oil prices

might fall, leaving them with Mr. Dickey sald. costly plants making expensive

be at the mercy of any kind of pre-tax profit from engineering said. But growth will be "back price war," be added.

pre-tax profit from engineering said. But growth will be "back construction, has about 30 years" on track again," in 1981.

experience in synthetic fuels, Its expertise and activities include: above-ground and below-Several forms of 6afeguards ground processing of oil shale bave been proposed, including (the latter with Occidental

Illinois.

Despite these activities, Dravo lake "some years" to profit feels that with the present en-from synthetic fuals, designers vironment in the U.S. it will be a "tough job" this year to imrofit sooner. prove on last year's profit of Dravo, which derives about 40 \$28.2m, or \$3.47 a share, on per cent of its revenues and revenues of \$992m, Mr. Diekey

In the first quarter ended March 31 it earned \$2.1m, or 25 cents a sbare on revenues of \$210m, against \$1.9m, or 23 cents a share, on sales of \$187m before the financial settlement rammes.

price floors, government pur- Petroleum) a Utab tar sands of a long-disputed water tunnel
But some hurdles remain, chases of fuel at predetermined project with Standard Oil of project for New York City.

**NEW ISSUE** These securities having been sold, this announcement appears as a matter of record only.

MAY 1980

U.S. \$30,000,000

### State Bank of India

(Incorporated by Act of Parliament of the Republic of India)

Floating Rate Notes Due 1987



Credit Suisse First Boston Limited

**Bank of Tokyo International Limited** 

**Bankers Trust International Limited** 

**Chemical Bank International Group** 

Crédit Lyonnais

Swiss Bank Corporation (Overseas)

J. Vontebel & Co.

Deutsche Bank Aktiengesellschaft

Samuel Montagu & Co. Limited

Société Générale de Banque S.A.

United Overseas Bank

Wood Gapdy

Alabli Bank of Kawait K.S.C. Abu Dhabi Investment Company American Express Book A. E. Asses & Co. Bank Brussel Lambert N.V. Banque Française du Commerce Extérieur Bauque Générale du Luxembourg S.A. Banque de Paris et des Pays-Bas Banque Worms Clariden Bank Credit Suisse First Boston (Asia) DBS-Daiwa Securities Interactional The Development Bank of Singapore DG Benk Robert Fleming & Co. uniers Privės Genevois Jardine Fleming & Company Kiciuwort, Beason Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.) 1.47ard Frères et Cie LTCB International Mitsubishi Bank (Europe) S.A. Mitsui Figance Europe Morgan Grenfell & Co. The Nikko Securities Co., (Europel Ltd., R. Nivison & Co. Pierson, Heldring & Pierson N.V. Rothschild Bank AG Scandinavian Bank J. Henry Schroder Wage & Co. Schroders & Chartered viska Enskilda Banken Stranss, Turnbull & Co.,

Teksi Kyowa Morgan Grenfell

Williams, Clyre & Co.

S. G. Warburg & Co. Ltd.

# Steady

### progress by Canadian **Rothmans**

ROTHMANS of Pall Mall, Canada, the tobacco and alcoholic beverages group, earned C\$27m, or C\$4.77 a share, in the year ended March 31, compared with C\$23.3m, or C\$4.33 a share, year earlier, on sales of C\$897m. against C\$80 km

previously. The group also reparts that if the sale of certain trade-marks for sontbern Africa by Carling O'Keefe receives government approval by May 31. Rothmans will receive a special with the control of the con tecord a special gain of C\$5.2m for the 1980 fiscal

Earnings for the fourth quarter were C83.7m. or 51 cents a share, against C\$2.6m, or 38 cents a share, on sales of C\$184m, up 11 per cent from a year earlier.

Profits from tobacco apera-

tians in the full year were C\$19.4m, against C\$17.Bm, while earnings from brewing operations rose to C\$7.fim fom C\$5.8m. International

Taronto-based halding com-pany far the Thomson pany far the Thomson family's newspaper. North Sea and travel interests, bas formed a U.S. subsidiary, International Thomson Business Press, Reuter reports from Philadelphia. The company said the new unit will "acquire high-quality publi-cations and finance development and start-up projects in the business publishing and information fields."

Canada Cement Lafarge

bas dropped its \$7.50-a-share offer for the remaining shares of its 74 per cent-owned subsidiary. Standard fudustries. following an objection by the Ontario Securities Commission, AP-DJ reports from Montreal, Canada Cement will return the 40,000 shares -ont of an ontstanding total of 1,5m shares not already owned-tendered under the

### Grupo Alfa shows sharp earnings rise

By William Chislett In

GRUPO ALFA, Mexico's largest bolding company, which includes steel, petrochemical and capital goods interests, hoosted net profit by 66 per cent to 3.13bn pesos (\$137.8m) in 1979 on a 58 per cent in-crease in sales to 30.20n pesos (1.3bn).

The profit was the equivalent of 10.7 pesos per sbare compared with 6.2 pesos in 1978, Total assets rose by 53 per ccoi lo 52.8hn pesos

Alfa has grown enormously since its constitution in 1974 and now comprises 84 subsidiaries, some of which have joint ventures with leading companies such as Ford and the West German chemicals company BASF.

spell ont the profit and sales of all of Alfa's sectors, but the main areas of growth reported were the industries division (capital goods petrochemicals and consumer goods) which increased net profit hy 65 per cent to 998m pesos (543.9m).

The annual report does not

• Bancomer, Mexico's leading private bank, has reported a net profil for 1979 of 3.47hn pesos (\$103.4m) against 1.51hn pesos in 1978, a 63 per cent increase.

Demand deposits increased by 33.2 per cent in 52.85hn pesos (\$2,3hn), time deposits by 76 per cent to 38,83hn pesos (\$1.7bn1 and savings deposits by 20 per cent to Total assets rose by 47.3 per 21,46bn pesos (\$941,2m1, cent to 225,2bn pesos (\$9.8hn).

### Mexico plans steel expansion By Our Mexico City

ALTOS HORNOS de Mexico. the country's largest steel mill, which is part of Sidermex. the Government's bolding company for the state steel sector. has announced a 17.3hn pesos (\$765.4m) ex-pansion programme to increase annual ontput from 2.6m tonnes to 4.2m tonnes The investment is part of

the Mexican Government's plan to raise stale steel out-put from 4.8m tonnes to 18.5m (onnes hy1990. However, there is still no sign of a construction starting

date for the second stage of the Sicartso mill on the Pacific coast at Lazaro Cardenas, which is behind The more than 52hn expan-

sion, which will raise production there from 1.3m tonnes to 2.7m tonnes, has been hogged down in the Planning Ministry for months where hudget problems are being sorted oot.
The Government was hop-

ing that construction might start this year so the martsa plant could be finished by the end of the Lopez Portillo administration in 1982.

### INTERNATIONAL BONDS

# Straight dollar issues fall despite discount rate cut

bonds edged lower in quiet trading yesterday with the market apparently unimpressed by the one point cut in the U.S. discount rate. Price falls averaged & per cent

as the market attempted to consolidate its trading level after recent strong gains. Some negative influence was felt from New York where prices were also marked down on a surfeit of new issues in the domestic market. In the Yankee market Sweden

is to float a two-tranche issue of \$100m apiece over 10 and 20 years. Terms will be ste by issue manager Salomon Brothers next week. A Eurodollar issue is also expected to

The Republic of Anstria is to tap the Deutsche Mark market for DM 150m with a three-tranche priavte placement led Hypotheken hy Bayerische Hypotheken Bank. All thre tranches are for DM 50m and carry coupons of 81 per cent. The maturity is apread over six, eight and 10 years. The yield is thus in line with similar paper in the secondary market which yes-terday was short of high quality

bonda pushing prices up by a point. Dealers believe that this should ensure success Swiss franc foreign bond prices were up by i point after the Government said it would

STRAIGHT DOLLAR Euro be announced for Pemex within bonds edged lower in quiet the next few days.

Banca del Gottardo is arranging a SwFr 30m convertible offering a SwFr 30m convertible offering for Nitto Boseki of Japan. The five-year issue carries a coupon

of 6 per cent. The new £20m floating rate note by Scandinavian Bank was quoted at around 971 yesterday afternoon, underlining the relatively lukewarm success of this new type of issue coupon fixing will not take place until June 23, after the Bank of England credit controls are lifted.

The Swedish Investment Bank is ot re-open the Luxem bourg franc primary markel with a LuxiFr 500m issue. Krediethank Luxembourg se the terms for eight-year bonds not impose a tax oa such issues. at 11; per cent at par.

### **Boliden reduces profit** forecast by SKr 55m

NDUSTRIAL Sweden during early May will cut projected 1980 earnings at Boliden, the metals and chemicals group, by about SKr 55m to SKr 475m (\$113m), Mr. John Dahlfors, the managing director, told the annual meeting.

Before the 10-day shutdown

he had been ready to revise upward his January forecast of SKr 500m in pre-tax profit for the year. In 1979 earnings the year. In 1979 earnings reached SKr 371m on turnover, up 35 per cent to SKr 3.99bn (\$950ml. In 1978 Boliden recorded a SKr 32m loss.

The group bases its optimism on long-term metal delivery contracts signed at the bigh prices prevailing late in 1979 and early this year, before mar-kets for copper, zinc, lead and silver turned downward.

Boliden believes small world stockpiles of industrial metals and limited production capacity make further major price de clines unlikely, adding that first quarter markets for its suiphuric acid and phosphoric acid production bad been good.

During January-March, consolidated earnings were SKr 129m (\$46m) on turnover of SKr 1.29bn (\$306m), against pre-tax profits of SKr 86m on sales of SKr 771m for the same quarter of 1979, when a severe winter hampered outward seaborne shipments from Boliden smelting plant in northeen Sweden.

As reported earlier, Boliden is paying a dividend of SKr 15 per share after passing payments for two years,

### Terms set for Sweden's \$850m credit

By Peter Montagnon

TERMS HAVE been set for the \$850m, eight-year credit being raised by the Kingdom of Sweden. The berrower will pay a margin of 1 per cent over Lihor for the first four years. rising to 🖁 per cent over Libor thereafter.

Chase Manhattan is acting as agent for the loan. It and seven other international banks will each underwrite \$100m. The banks are: Bank of Tokyo. Credit Lyonnais, National Westminster, PK Banlen, Royal Bank of Canada, Skindinaviska Enskilda Banken am Svenska Handelsbanken.

In addition Gotabarken will underwrite \$50m. The loan is a revolving credit for the first four years and bas a five-year grace period

### FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary narket exists. For further details of these or other bonds see the complete list of Eurobond prices public on the second Monday of each month.

	OD Die Secone Money of	CHEN MOLLEN
	U.S. DOLLAR	. Change on
	STRAIGHTS Issued	
	Alcoa of Australia 10 89 60	92', 92', -0', +1', 11.34
	Australian Res. 95 84 30	95% 95% -012 +0% 17.04
	Beneficial Fin 9% 87" 100	921, 924, -04 + 17, 11.33
	29C4 Grad, Rate: 12 86 100	9814 99 +04 +24 12.28
	7'7/ 114 90 50	98', 99', -0', +1 11.82
	Cenadian Pacific 94 89 50	92 5 927 -04 +1 11.13
	Carter Hawley 94 86 50	921 93 -01 +15 11.46
	Continental Grp. 9% 86 100	93' 93' -0' +1' 11 17
į	Dome Petroleum 10 94 50	851, 86 -04 +24 12.15
	Doma Petroleum 131, 92 50	1021, 103 -04 +24 13.02
	Cominion Stidge 104 84 30	9414 943 -014 -014 12.04
1	FIE 114 92 80	994 594 +04 +15 11.81
- 1	EIB 174 90 100	1074 1064 -04 +14 12.31
	E- sportfinang 11% 27 50	38 4 9914 -015 +01 11.44
	Fanort Dv. Cpn. 94 84 150	96 964 0 +07 10.87
	Export Dv Con. 123, 87 100	1051, 1051, -01, +05, 11.58
	Federal Dev Bk. 124 85 75	103 1031, -01, +07, 11.35
	Finland 95 89 100	1881, 391, -01, +11, 11.95
1		1100 1014 +04 +13 13.24
1	11T Finance 94 89 55	874 874 -64 +1 12.17
Į	GMAC 94 86 100	91% 924 -04 +0% 11.10
1	GN1-C G/S Fin. 11 84 100	982 994 - 04 0 11.25
1	"" " 0 'S Fin 13% 85 100	1053 1054 -04 +04 11.77
1	Kennecolf Int. 9's 86 100	8614 8614 - 012 + 078 12.87
1	24cGraw 131, 85 76	100% 100% -0% +2 13.30
ł	M thelin 10 34 125	67% 98% - 0°2 + 04 11.76
ſ	Nat Oes, Telocm, 91, 86 100	921 931 -01 +01 11.12
1	New Strinswick 94 94 75	87 87% +0% +1% 11.62
ŀ	Nevrioundland 10 94 50	8974 9074 -075 +0% 17.46
ı	Norway 91, 34 150	96 964 -04 +02 10.71
ł	Nove Scorin Pert 94 89 50	21 914 0 +14 11.33
ı	Pennwalt 0/S F. 94 84 25	934 934 - 04 + 04 11.84
ı	Popsico Cap. 94 84 100	95% 96% -0% +0% 10.52
ł	Ouches Hydro 10 99 75	844 854 -04 +1 12.14
ł	Sears Roebuck 9 82150	97% 98% +0% +0% 10.44
1	SNCF 124 85 50	104 1043 -03 +12 11.17
ı	Statoil 95, 89	914 92 0 +15 11.11
ı	Swed Ex Cred. 121, 85 40	102% 103% +0% +1% 11.65
ł	Sweden 94 R9 100	91% 92% -0% +1% 11.23
ı	Swaden 8% 84 100	951 961 -01 +01 10.92
ĺ	Unilover NV 91 87 100	91 912 0 +04 11.08
۱	Warner-Lambert 9 84 . 100	94% 94% -0% +0% 10.68
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8FCE 84 95	100	581			+10	
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Oenmart 84 92	100	981,			+04	8.43
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0:lo. City of 27, 90	80		96			8.CS
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i	Aumer 5 89	60	931,	84	+04.	+01	5.05	
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	Aemen. City of 43, 91	40	92%	93	+0%	+25,	5.63	
	B'10F 5 89	75	854	87'	0	+04	6.96	
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- 1	Council o' Eur. 5 89	100	951	953	+0.	+2%	5.62	
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1	E18 4% 94	180	36	. 864	-ŏ-,	-0-	5.83	
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- 1	GZA 44 89	100	90		-01,	+12	5.61	
- 1	Hilb 41, 91	35	93	9312	-0-	-0-	5.04	
- 1	Int. Amer. Ocv. 41, 89	100 80	901	91	+04	+15	5 82	
- 1	Julland Trie 51: 90	50	1007	100%	+05 +05	+14	5.39	
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- (	Nronon Tol. & T. 44 89	100	93 ′	932-	+0.	+0:	5 12	
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- 1	Norges Komm. 45 91	100	<b>92</b> Y	934	+04	+34	5.20	
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- 1	E18 74 89	12 10	924	33'	+04	+01	a.83	
- 1	Fioland 6 8 98	10				+0's +1's		
- 1	Average price chang						3.44	

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see the complete usi	CI	osing	pric	es c	n M	ay 2
				Char	nge o	
OTHER STRAIGHTS	Jesued	Bid	Offer			
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CIAC 135 85 CS	50		1044	-01	+0	212 2
Cr. Foncier 10% 84 CS		1914		Ö	11	212.8
Fst. Can. Inv. 10 84 CS		931	941	-0	10	212.0
Hudson Any 1012 89 CS		914		ŏ.		T 1.3
. Quebec 10'4 86 C\$	50	924	Coll	+0	T	4 2.1
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Norway 81 84 FI			97		+0	
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Phillips Lamps 84 84 Fi		974	97%	0	+03	9.1
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Euratom 94 87 FFr	150	8424	85	+04	. +0*	z 13.3
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Penault 9% 85 FFr	100	851	26	0.	+07	13.6
Saint Gobein 94 86 FFr	130	841		+0%	+0%	13.5
Solvay et Cie 9% 87 FFr	125	824	827	-01,	+0%	13.E
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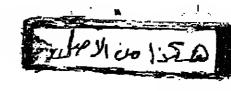
FLOATING RATE		•
NOTES Spread	ald Offer C.dto C.epe	n C 41
Allied Irish &k, 54 87 04	97% 98% 2/7 15%	15.4
Banco di Roma Ini. 6 87 Ov	994 100 25/10 15.3	
Bank of Ireland St. 89 +014		
Bank of Tokyo 54 89 104		
Barclays 0/S Inv. 5 90 04		
Aergon Sk. A/S 5 89 1014	97% 98% 13/6 14%	14.5
	9612 97 29/8 10	10.3
	983, 994, 11/7 14.65	
Citicorp 0.'S F. 6 94 104	981, 99 8/5 12,8	1 19.0
Citicorp 0/S F. 83540	98° 99° 23/8 10.19	
Citicorp 0: S F. 84 40	98% 99% 30/5 16,94	17.1
C. Itoh 51 87 01	100% 101% 18/9 19.44	
Co-nperative ak. 6 86 01,	97': 98 15/11 11,44	117
Ciedijanstalt 51, 91 5;04	97' 98' 14/6 18.44	78.7
CNT 51- 86 5014	1013 1017 16/10 184	17 3
GZA 51, 89 104	281, 991, 1/8 151	15 4
Junobenka 9 89 0"	90 91 23/11 115	12 E
Ind. 8aml Japan 54 87 01,	101 , 15/10 183	12 5
LTCA Japan 54 86 04	98 981 13/5 143	14.5
LTCA Japan 51: 89 01,	977 977 7/5 14.15	
Mirs. Han. 0/S 54 84 +04	984 384 30/5 174	17.3
Midland Intl. Fin. 5 89 04	991: 100 20/5 15	1S 0
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>5C. C. de Boile, 6', S7 31	1011, 1021, 3/10 20.06	
Sononal 53 89 503	98'- 99 13/7 14,44	
Standard Chart. 51, 90 01.	1001 101 6/9 171	17.1
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TVO Pwr. 9 9' (0-lock) 124	95', 98', 24/11 10',	
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Average price changes	On day 0 on week 0	7.3
•		

No information evaliable—previous day's orice.

† Only one market maker supplied a price.

Stroight Sends: The yield is the yield or redometion of the mid-price; the amount is not did or redometion of the units except for Yon honds where it is in billions. Chenne on week a Change cave orice a week earlier.

Realing Rate Note: Genominated in dollars unless otherwise indicated Coupon shown is minimum. Catio other next coupon becomes officience. Served Margin above rated for U.S. dollars. C.cpn = The current coupon of the the current following the coupon wise indicated. Chiq div = Change or day Chy date wise indicated. Chy div = Change or day Chy date wise indicated. Chy div = Change or day Chy date wise indicated. Chy div = Change or day Chy date wise indicated to bond our shares. Chy price a current of share as conversing rate fixed at issue of accurring shares was the bond over the most recent price of the shares.



# A hangover to come for Scotch exporters

BY GARETH GRIFFITHS

ir issues

'affected by the road haulage 'dispute and the hacklog from 'hasl aulumn's seven-week strike 'at the Distillers Company hottling halls was still being exported et the beginning of

The real increese in exports was much more marginel, probably about 3 per cent once the dislortions are ironed out.
But this modest increese But this modest increase covered strong demand from importers in Europe, Latin America. North America. importers in Europe, Latin America. North America. Anstralia and Japan. The distributors have built up their 8 per cent in volume, stocks and the outlook for the Last yeer Scotch rest of the year is likely to be

Last year Scotch exports fell observers was reinforced this month when Distillers (DCL), which controls helf the world's output of Scotch, ended a guaranteed working week et several bottling plents and

introduced short-time working. Senior whisky executives confide, bowever, thet in the end it is "gul feeling" that prompts fell by about 3 per cent to them to make their marketing 2.47m cases. decisions. The present feeling is that the industry will continue to expand at e rate of about 4 per cent a year for the rest of the decade, modest compared with the 10 per cent growth rates of most of the post. Council report on distilling war period.

But even fewer drams of comfort are offered by Mr. lan can market would show little McBeun and Mr. David Camp. or no growth. bell of stockbrokers Wood,

SCOTCH WHISKY exporting the immediate prospects for bas always been comething of a Scotch whisky in the crucial bas always been comething of a swings and roundabouts affair. Shipments overseas normsly fluctuate, but this year, whisky exports seem to have displayed spectacular changes of fortune. The export trends are not encouraging. This yeor's January and February figures are misleading. Exports in the first quarter of 1979 were adversely affected by the road haulage

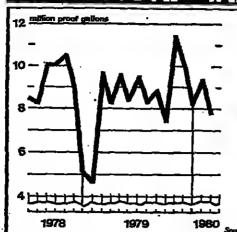
Traditionally, Scotch exports have risen when stocks beld by distributors and retailers were low, and vice versa. In 1978 a very low stock position at the start of the year led to high exports and in 1979 stocks were run down while remained low.

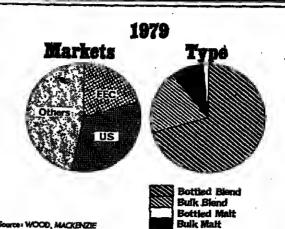
This year, therefore ship-tents would bave been ments expected to he high to com-pensate for the low level of stocks. But it is far from clear that this is now happening. Exports of Scotch so far this year are down by more than

Last yeer Scotch whisky exports to the U.S. stood et 33,155,764 proof gallous worth £192m; a fall of 1 per cent in valoe and 8 per cent in volume in volume by 4 per cent, valoe and 8 per cent in volume although they increased in although they increased in on the previous year. The middle price brends seem to middle price brends seem to fall. The best-selling J and B Rare, produced by Grand Metropolitan's International Distillers end Vintners, showed an increase of about 2 per cent to Horse fell by 26 per cent to 100,000 ceses and Berry Bros's Cutty Sark, the No. 2 best-seller,

> The industry had recognised thet the relative importance of the U.S. market would decline ooce saturation point was reeched in the mid-1970s. The National Economic Development sod Scotch exports in December 1978 suggested the Ameri-

The distillers themselves Mackenzie. In the firm's news-claim the main opportunities letter this month, analysing the for exports in the 1980s will be





EXPORTS

In EEC countries where per capita income is about as high as in the U.S., whisky consumption has remained disappointingly low. In West Germany, whisky's ebare of the spirits market, despite intensive edvertising and promotional campaigns, remains obstinately at 3.5 per cent. France shows a 5.5 per cent sbare, Denmark 5.3 per cent and Italy 13 per cent. By contrast, the whisky sbare of the UK spirits market is 52 per

Scotch exports to Western Europe suffer from three major disadvantages which are proving to heve e dampening effect on growth. The first is discrimination by several governments against whisky in the form of higher taxes than on locally produced spirits. This has been drink. highlighted by the European Court ruling in February that import France, Italy, Denmark and Ireland were guilty of discrimination against Scotch whisky.

The recent decision by the Danish Parliament to pass a importer of bulk malt whisky 37} per cent od valorem tax on whisky, already subject to a liquor tax and VAT at 22 per by hulk exports in containers ceot, will almost certainly mean (rather than bottled) has been

another appeal to the EEC Com- running for several years and mission in Brussels and another DCL executives maintain that in case for the court.

The second disadvantage exporters face in dealing with European markets is parallel trading — the process whereby UK sales organisations undercut the sole distributor or agent by selling brands direct to major overseas outlets. As a result, the agent becomes less committed to the long-term aim of building up and promoting the image of branded Scotch.

A further problem for Scotch in Western Europe is the extremely high mark-up charged by hotels and drinking establisbmeots. That has meant that most Scotch is sold for drinking et home. But, to achieve higher sales, Scotch needs to be promoted as a business or social

Japan, third important market for Scotch, after the U.S. and the EEC, presents the exporters with very delicate adjustment of interests. That country is the major for blending in home produced whiskies. The controversy raised

> 70% of middle tar smokers sampled thought new Low Tar

Vanguard matched the taste

Extensive survey - In a major survey

carried out by an independent market

research company, middle tar smokers confirmed that Vanguard matched the

of their regular brand.

taste of their regular brands.

Satisfying tobaccos, new filter -A new tobacco blend and the special

filter make sure that Vanguard is both easy to draw and gives full-bodied taste.

10 to 15 years the industry could face very severe competition from the Japanese whisky industry which will then have built up a tradition of blending

and improved the quality of its

own whiskies.

The main area for growth appears to have temporarily shifted to the developing world. Exports to Venezuela, 2.32m proof gallons last year (4.4 per cent of world Scotch exports) were up by nearly 300 per cent in the first three months of this year. The Mexican market increased by more than half last year to 675,823 proof gallons and Chile went np by 77 per cent to 703,519 proof gallons.

Because it is e popular high value product, Scotch is particularly prone to economic nationalism. To date, according to the Scotch Whisky Association, there are 450 restrictions by governments all over the world on Scotch whisky exports.

They range from a straightforward han to state monopolies, permits, prohibition of advertising, date coding for markets, foreign

exchange controls and registra tion of importers.

The companies are coming under increasing pressure to move bottling plants to countries where the Scotch is sold. Considerable differences in duty make locally bottled whisky, shipped out in bulk, much more competitive.

Scotch exporters, unlike many other indutrialists, cannot take that much action on exports. The tax yield on whisky is usually high and this leaves little room for aggressive

But the exporters are not utterly defenceless. The com-panies and the Scotch Whisky Association are capable of skilful and concerted lobbying when key markets are at risk Recent developments in Japa nese pricing policy over Scotch whisky would bave meant increases in dnty equivalent to about £1.20 a bottle. The effect would bave been disastrous and wiped ont several years work of export promotion.

The companies were able to involve the British Government, the EEC Commission and Jepanese traders in lohhying the Jepanese to change their minds. Mr. John Nntt, the Trade Secretary, on a visit to Jepan in January, put the companies case, with success. The Scotch exporters were given tax relief.

Nor bave the exporters simply left their markets to the distributors. The tradition of recruiting staff from smong officers in the armed forces has now been abandoned, and the emphasis is on recruiting graduates with linguistic qualifications. Senior executives spend half their time out of the country in an attempt to consolidate and win new markets. The industry, possibly under siege, is ready to fight to maintain the international sales

and status of Scotch

**APPOINTMENTS** 

# Senior posts at **British Telecom**

tional executive.

Mr. Tippler will be responsible change. for planning exchanges for tha national telephone and telex networks and for the develop-ment of exchange systems. He will also be responsible for the data switching components of the univork, including packet-switching courses.

switching centres.

Mr. Maurer will plan and provision all international telephone, telex and data services, including computer-controlled international switching centres submaring cables and ceotres, submarine cables and satellite communications.

Mr. John L. Harvey is to retire as chairman and a director of THE EXCHANGE TELEGRAPH THE EXCHANGE TELEGRAPH
COMPANY (HOLDINGS)—the
Extel Group's parent company—
on July 24, following the annual
meeting. He will be succeeded
as chairman by Mr. Alan B.
Brooker, who will cootinue as
group chief executive,

Mr. J. A. McNab has been appointed managing director of THOMAS COOK. He was formerly chief accountant of the Thomas Cook Group.

Mr. Leigh B. Dobson has been sppointed marketing director of FAIREY FILTRATION, one of the Heston-based members of the Fairey Group of companies.

Mr. Philip Greenwell will be retiring as senior partner and from the partnership of W. GREENWEIL AND CO on November 16. He will be succeeded by Mr. R. H. Lawson and Mr. G. T. Pepper who will become joint senior partners,

Mr. Robert Gibson Jarvie will join CONTICOMMODITY SER-

Two new directors of BRITISH he became executive secretary, TELECOM bave been appointed. Mr. Gibson-Jarvie became an Mr. John Tippler bas become independent consultant on com-Mr. John Tippler has become independent consultant on comdirector of exchange systems in the telecommunications network fis most recent assignment has becomes director of network to the establishment by the Lonthe telecommunications internadon Commodity Exchange of en International Petroleum Ex-

Mr. Derek A. Hacking has been appointed a director of R. K. HARRISON, J. L. JACOBS (INSURANCE), and will be re institutions division.

Mr. Harvey Allen, director responsible for ALLIED BREW-ERIES (UK) brands has joined the Board of C. G. Hibbert (Marine Supplies).

The Home Secretary has appointed Dr. J. E. Hampson to serve as a member of the ADVISORY COMMITTEE ON ANIMAL EXPERIMENTS. Dr. Hampson is the chief animal experimentation research officer for the RSPCA, but she bas been appointed to the Committee in an individual capacity.

New chairman of the £400m buying group NATIONWIDE FOOD DISTRIBUTORS (NFD) for the current year is Mr. Don Heyworth, joiot managing direc-tor of Snowdoo and Bridge. He is also chairman of the NFD marketing board. NFD commarketing board. NPD comprises Warriners, Snowdon and Bridge, Danish Bacoo Company, Meedow Markels, Holmes/Tobacco Sales (Northern Ireland), Star io Scotland and Bookers, who have an interest in APT/Alliance.

PRIVATE PATIENTS PLAN bas appointed Mr. C. H. Grinsted as company secretary. He succeeds Mr. J. S. Burns, who relinquished the post following his recent appointment financial director.

Mr. Peter Land has joined the Board of J. N. DOBBIN AND VICES on June 2 as a consultant. After eight years with the He is group managing director

# Capper Neill

**SUMMARY OF PRELIMINARY RESULTS** for the year ended 31st March 1980.

	1980 £000	1979 £000
Turnover including exports	· 97,234 32,395	89,897 31,341
Group trading profit Interest payable	6,240 1,159	6,175 638
Group profit before taxation Taxation: UK (totally deferred) Overseas	5,081 870 21	5,537 836
Group profit after taxation Amount absorbed by dividends	4,190 1,211	<b>4,</b> 701 . 850
Dividends per share	4.2p	3.1825p

Recommended final dividend payment of 2.1 pence per share making total of 4.2 pence (1979: 3.1825p) equivalent to 6.0 pence (1979: 4.62p) inclusive of related tax credit.

Group trading profit for the year is marginally higher than that of last year. However, higher interest payable has resulted in an eight per cent reduction in pre-tax profit thus interrupting seven years of unbroken . profit growth.

Site construction engineering, the major activity of the Group, has continued to perform most satisfactorily with Capper Neill International and Capper Pipe Service achieving record results.

During the year the economic climate has been difficult for the factory based companies and every opportunity is being taken to re-shape oparations to take advantage of the changing pattern of demand. The Group continues to concentrate its effort into expanding its

site construction activity into new markets. For a copy of the full Report and Accounts write to The Secretary, Capper Neill Limited, Warrington WA1 4AU.



Design, manufacture and erection of process plant for world industry.

Warren Plantation Holdings Limited

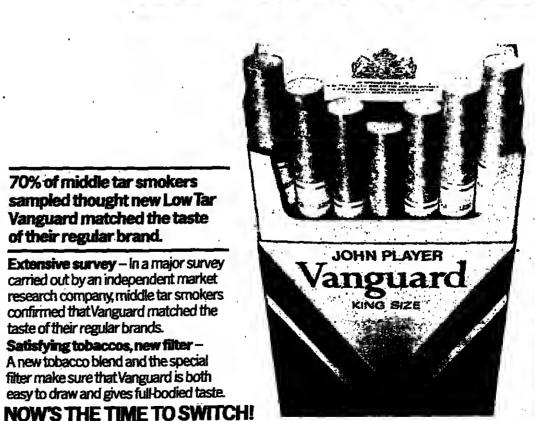
1979 HIGHLIGHTS

- Dividends increased by 21% to 10p per share.
- Pre-tax profits have improved over 400% in last five years.
- Joseph Mason earnings double to £1.6 million.
- \* Indonesia rubber and oil palm contribution up by 78%.

Summary of group results (£'000s) to December

	1979	1978
Turnover	29,250	22,699
Profit before taxation	6,787	5,800
Profit after taxation	3,071	2,821
Earnings per share	32.79p	30.92p
Dividend per share	10.00p	8.25p
Patrim on series employed	33.60%	30.52%

# Middle lar laste at LOW lar



SPECIAL INTRODUCTORY PRICE

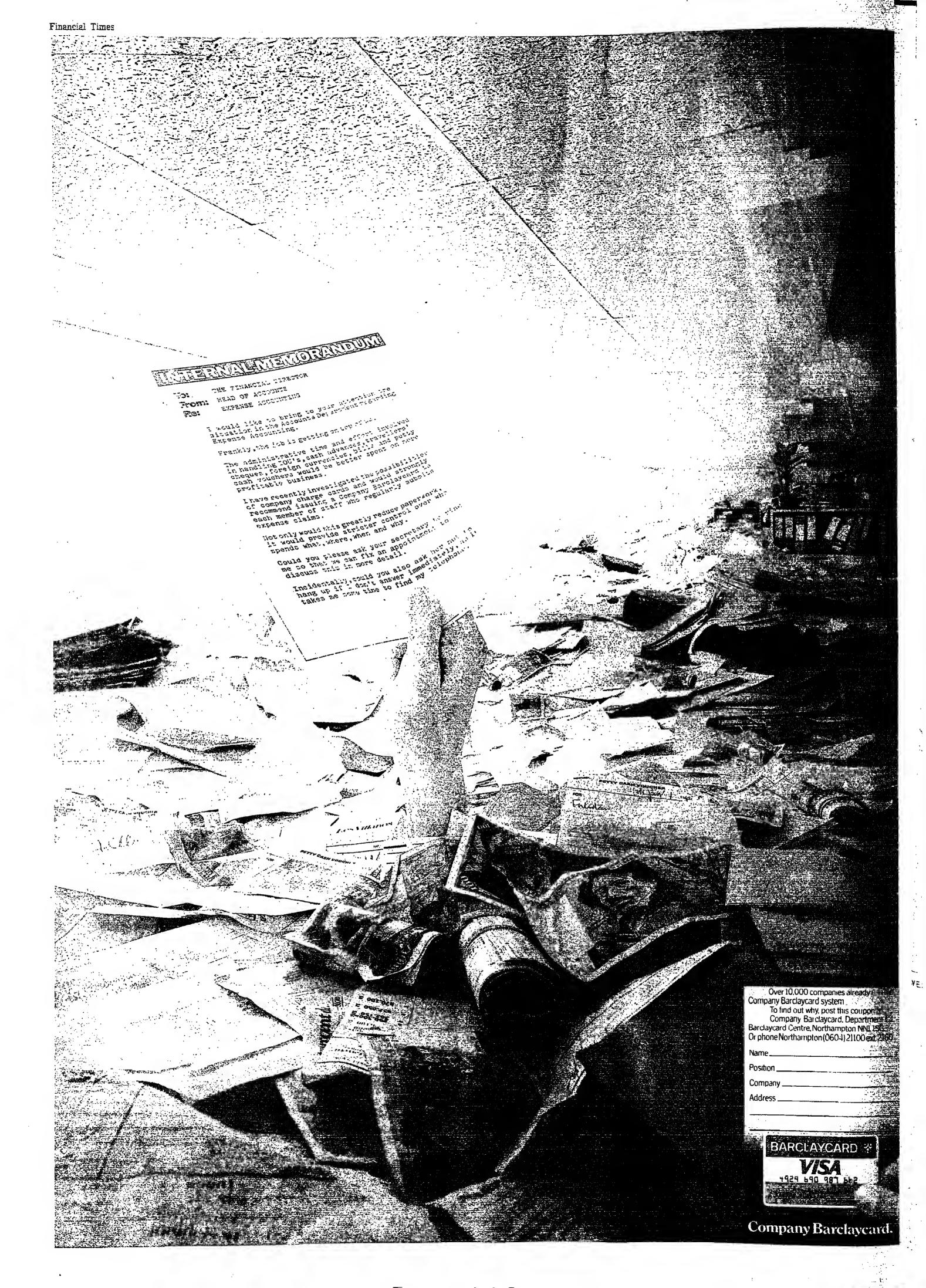


Vanguard-Low Tar with Middle Tar Taste

The tar yield of this brand LOW TAR Manufacturer's estimate, January 1980, of is designed to be LOW TAR group as defined in H.M. Government Tables.

化二氯乙烷 经海绵的过程 的复数

H.M. Government Health Departments' WARNING: CIGARETTES CAN SERIOUSLY DAMAGE YOUR HEA



Financial Times I ..... (44) 56 1960

# Preussag turnover boosted by higher metal prices

company, is heading for another ties. profitable year buoyed by improved metal prices and strong demand for oil and coal. improved metal prices and Last year Preussag fought its strong demand for oil and coal.

The company's 1980 first quarter report speaks of higher (but unspecified) profits on grant control of the first time unspecified.

unspecified) profits on group turnover of DM 942.1m (\$538m) against DM 678.7m a year urnover of DM 942.1m (\$538m) Preussag parent company net gainst DM 678.7m a year profit last year totalled DM artier. 44.1m, of which one balf is being Preussag's metals division added to reserves. Group profit

contributed greatly by virtually doubting first quarter sales to 27.2m in 1978. DM 417.8m from DM 209.4m last year. The exceptionally strong in the silver price annough speculation in the precious metal markat had metals division last year somewhat receded by the quar- accounted for nearly one-third

demand for both light and heavy accounted for one-quarter com- with DM 412m a year earlier.

PREUSSAG, the diversified mineral oil products boosted pared with 23 per cent a year West German metala and energy Preussag's vehicle rental activical carlier. Coal sales to power stations were also up.

was DM 52.1m, up from DM

Generally buoyant domestic economic conditions belped boost group turnover 18.4 per cent to DM 3.2bu. Preussag's

• A surge in turnover and improved profits caused mainly by higher metals prices is reported by Degussa, the West German precious metals, chemicals and pharmacouticals group for the first helf ended March 31.

Although it expects trading to ease in the second half it expects a "satisfactory result" for the

Pareot company first half turnover was up 56.2 per cent to DM 3.8hn from DM 2.4hn a year earlier. If precious metals proceeds are excluded the rise was 13.8 per cent.

Group turnover rose 52.7 per ter's end — was one factor in nf total turnover, against 26 per cent to DM 4.3bn, of which the gain.

In the transport sector, strong higher metal prices. Coal tributed DM 544m compared

Once the show-piece of the Austrian camera industry, Eumig ran into trouble in the late 1970s through a combination of low productivity in the face of Japanese competition, a currency which was too strong and an ill-fated move into

cameras for instant cine films. Rumours that further major dismissals bave to he expected were confirmed last night on Austrian television by the chief sbop steward. During the last two years Eumig's 6,000-strong production staff bas been reduced to 4,000.

**Creditor** 

control of

EUMIG, the tronbled Austrian

camera group, is to be taken over by its main creditor in a

move which would appear to raise considerably hopes for the

Oesterreichische Laenderhank

is to assume all rights of owner-ship of Eumig, which is one of the world's foremost makers of

cine cameras and projectors. It

is understood that efforts are being made to find a foreign

Eumig, whose operating losses last year totalled more than Sch 400m (\$32m), owes

Laenderbank

Sch1.5bn. Further large sums

are understood to be needed to put the company back on a

self-supporting basis.

partner for the company.

to take

**Eumig** 

company's survival

Some 400 employees have already been given notice and it is taken for granted that at least 500 more, primarily in administration, will be sacked in the near future.

By 1981 Enmig's labour is expected to be reduced to 3,000 and the range and variety of products drastically reduced. Last year Eumig still ranked as the world's largest manufacturer of projectors with almost m units in addition to 60,000

cine-cameras. The company last year had a turnover of Scb 1.3bn. The management bopes that the sales having advanced by 14 per Laenderbank's move prompt the federal and the provincial authorilies to help in Eumig's reorganisation.

### Agence Havas buys 10% of Publicis

By David White in Paris

AGENCE HAVAS, a Statecontrolled concern which runs France's largest advertising network, has confirmed reports that it had built up a stake of more than 10 per cent in its main rival, Publicis, hy huying shares on the stock market The news brought a sharp

reaction from Publicis, which said it had been neither consulted nor informed of the purchases, the cost of which is estimated to have heen in the region of FFr 24m (\$6m). M. Marcel Bleustein-Blanchet,

the 73-year-old chairman and founder of Publicis, said that this "unilateral initiative" would not interfere with his personal control over the company. M. Bleustein-Blanchet olds 78.5 per cent
Although this would seem to

preclode the purchase of a larger stake, the move is seen as an attempt to fend off the possibility of a foreign takeover of Publicis. The share-purchasea could not have gone abead without at least tacit consent from the State, which holds 5fi per cent in Agence

Agence Havas, which is also involved in the travel husiness and in publishing, had turnover of FFr 4.14bn in 1978. The turnover of Publicis in the same year was FFr 2.37bn. M. Bleusteln-Blanchet's strong npposition to baving the State-

controlled group as shareholder led to speculation that the minority stake might later be re-sold to another private sector group acceptable to holh sides. The share purchases, made discreetly through a subsidiary of Agence Bavas, Société Nationale d'Investissement pour ing "rampant Inflation" and la Publicité, were disclosed in a substantial increase in the trade magazine at the weekend. salaries and wages bill. The

JAPANESE STEELMAKERS

# Nippon Steel leads buoyant results

NIPPON STEEL, the world's increase of 13.4 per cent over from Y78,547 a year earlier. largest steelmaker, more than the previous fiscal year. Nippon Steel increased the doubled profits in tha year to Strong domestic demand, in-

creased export prices, the beo-6ts of rationalisation, and energy-saving measures, as well as a favourable yen rate are behind a buoyant set of annual reports due from the industry this week, led yesterday by Nippon. Nippoo Steel recorded a profit of Y105.7bn (\$473m) after tax,

up 133.9 per cent from Y45.2bn in the 1978-79 fiscal year, on sales of Y2,845bn (\$12.7bn) up 17.9 per cent. Exports increased 29 per cent to Y936bn and total crude steel production was despite general stability in 33.5m tonnes, compared with domestic Japanese prices. Nipcrude steel production 33.5m tonnes, compared with 131.9m the previous year. pon Steel in the first half of Nippoo Kokan KK the country's the fiscal year was able to insecond-ranked steelmaker, has announced profits for the same Overall sales prices of steel

Improved

earnings at

Aimomoto

By Yoko Shibata in Tokyo

AJINOMOTO, the Japanese manufacturer of monosodium

glutamate for food products and

amino acld chemicals, bas re-

ported operating profits up by 14.8 per cent to Y21.84bn

(\$97m) for the year to March,

and net profits ahead by 28.5

per cent to Y8.63bn. Sales ad-

vanced by 3.8 per cent to Y352.66bn (\$1.58bn). Profits per

share increased to Y28.96 from

Seasonings accounted for 23

per cent of sales; amino acids

period of Y25.1bn. up 143.9 per cent, on sales of Y1,310bn, an

Results from Kawasaki, Sumltomo and Kobe Steel are also expected this week. Reflecting the generally low international demand for steel,

Japan's steel industry is still producing at only 70 per cent of capacity. But steel is presently reaping the rewards of its intensive investments in rationalisaand fuel saving over the past five years, to reduce dependence on all and survive the decline demand.

Despite this, export prices over the past fiscal year rose through the \$500 a tonne mark, products, it said rose on an full year ending next March average of Y87,419 per tonne, 31, because of nucertain factors average of Y87,419 per tonne,

Nippon Steel increased the yearly dividend per share to Y5, from Y4. Nippon Kokan raised

its dividend to Y4, from Y3. As a result of higher priced oil and raw materials, as well as an increased interest burden, Nippon Steel said that it was unabla to forecast after-tax profits and sales for the current

Production costs were pected to rise about Y11,100 over last year for every tonna of steel prodoced.

Nippon Kokan expects its profit before tax and special tems for the first half-year, ending in September, to be almost unchanged from the Y21.76bn of the preceding six months. A company official said, however, that it was premature to forecast business results for tha

including the export ontlook and the effect of higher oil and raw material prices.

Sales in the first half-year were expected to rise slightly, to about Y710bn, from Y700.70bn in the preceding six months. Sales of steel products would rise to about Y600bn from Y579.70bn, while those of ships and plant would fall to about Y110bn from Y121.00bn.

Total sales of Nippon Kokan Total sales of Nippon Koszo
in 1979-80 included Y1,110bn of
steel, up from Y934,19bn a year
earlier, and Y205,01bn of ships
and plant, down from
Y221,94bo. Exports totalled
Y425,77bn, against Y359,79bn. Orders for ships and plant received last year rose sharply, to Y331.89bu, from Y189.33bn. The company sold 13 ships, totalling 254,000 dw tons worth Y59.78bn in the year, against 21 ahips of 401,000 dw

# Schering forecasts recovery

pharmaceuticals and chemicals group whose profits dipped sbarply last year, ipped sbarply last year, industry as a whole io boom xpects to do better in 1980.

Sales growth of 4.5 per cent average during depressions.

Schering, which accounts for expects to do better in 1980. planned for this year will "in eil likelihood" be surpassed, the group said yesterday. Turnover of its parent company was up 17.2 per cent for the first four months of 1980, it said.

Group after tax profits last year fell to DM 57.7m (\$33m) from DM S8.4m, but the dividend is being beld at DM 9 per share. Herr Karl Mittelstenscheid chairman, said the Board was not sstiafied with the company's performance last

SCHERING, THE West Berlin- industry. However, he noted that the company tended to develop less buoyantly than the

some 40 per cent of the western world's sales of birth cootrol pllis, bad a decline of 1.5 per cent in domestic drug sales but higher exports led to a 2.7 per cent rise in pharmaceuticals sales which totslled 42 per ceot of total sales compared with 50 per cent in 1978.

in the first four months of this year domestic sales rose 20.4 per ceot while exports were up 15.1 per cent.

newly acquired Diamalt AG of Munich and Sherex Chemical Company io the U.S. Without them world-wide sales would bave risen 6.fi per cent. The company is asking share-

holders to approve a convertible bond of up to \$75m in order to pay off the short-term loans which partly financed the pur-chase of ita new American subsidiaries. Over the past 18 months Schering has bought three American companies and now has U.S. production facili-

Sales to Japan. Schering's largest export market, rose 10 per cent but the decline of the year which had fallen behind Group sales last year advanced yen against the Deutsche Mark that of the German chemical 21.4 per cent to DM 2.7hn but for led to losses

# Rights issue by Dutch insurer

group, yesterday revealed plans for a major rights issue of both ordinary and preference shares to fund its recently announced acquisitions in Australia and

the U.S.

The company will make a onewith a nominal value of stated.

FI 14.96m (\$7.7m) at a price Amev, which is the second earlier, the which will be announced later largest Dutch insurance group, yesterday. It will simultaneously place FI 9.96m nominal of preference shares, 10 per cent paid up, at par with existing holders of preference shares.

The ordinary shares to be Issued had a market value yes-

groups in talks

**6y Victor Kayfetz in Stockholm** 

groups, Broström and Trans-

atlantic, bave appointed a joint

project group "to examine

of a merger," Mr. Paul Palsson,

Eoström's managing director,

Broström and Transatlantic,

both based in Gothenburg. already work together in North

Sea traffic through the recently

created Tor Lloyd; in product tankers through the Crown car-

riers pool; in container traffic through ACL; and in domestic

SWEDISH shipping

Swedish

shipping

of United Dominions Trust (Australia) of Sydney and the expected acquisition of Interfinancial of Atlanta, Georgia. cent. Non-insurance activities The internationalisation of saw profits fall 27 per ceot.

Amev's husiness has led to lucreasing demand for the company's sbares abroad, it was first quarter of 1950 against an for-five issue of ordinary shares paoy's sbares abroad, it was

also reports a 19 per cent rise in net profit to Fl 24.7m for the first quarter of 1980 on turnover per cent higher at F1 835m (\$428m). It expects profits for the year as a whole to rise hy more than 10 per cent from the

AMEV, THE Dutch insurance mainly to finance the purchase to FI 35.4m in the quarter. In the life insurance division pre-tax profit was 26 per cent higher while non-life profits rose 42 per tated. Il per cent increase a year Amev, which is the second earlier, the company annouoced

Excluding currency movements first quarter revenues rose 12 per cent, while the increase in costs remained well below that in revenues. The company, Holland's largest insurance group, confirmed that Fl 15.1m net achieved in 1979. net profits this year will grow Funds raised will be used Pre-tax profit rose 22 per cent by at least 10 per cent.

## ITT Portuguese offshoot plans to cut 212 jobs

BY JIMMY BURNS IN LISBON

and electronics company, is to ent 212 jobs at its troubled Portuguese subsidiary Standard Electrica.

The Portuguese Government agreed to the redundancies to interests in Portugal including report is due this autumn. "But this is absolutely not a greed to the remaining interests in Portugal including hotels. this is absolutely not a question jobs were threatened by the

Standard said yesterday that the parent company would be issuing a formal statement in New York within the next three days. No further details bave been made available. However, the redundancies are believed to be part of a financial recovery plan agreed to earlier this month after more than a year of talks between Government officials and ITT.

freight through ASG and Scan-The 212 workers belong to Standard's semiconductor divi-sion which lost Es 126m (\$2.6m) "The next step in our collaboration is not as simple and easy as those previously agreed in 1978, the latest figures availupon, which is why we have appointed the project group," Mr. Palsson added. 600 workers transferred to other 1978.

ITT, the U.S. communications sectors of the company. Standard makes nearly half of the main exchange equipment in Portugal, and has an expanding division in television manufacturing. In 1978 the company said yesterday that it had incurred total losses of Es 107m.

> ITT withdrew its top manage-ment from Standard during the revolutiooary upbeavals in 1975. The company is believed to have agreed to assume full responsihility for its subsidiary and to increase its investment in Portugal. In return the Government has agreed to a package of financial and fiscal incentives and to the triming of Standard's labour force.

Dollfus bond issue Dollfus-Mieg, a French textile group, intends to issue a convertible bood to raise FFrs.Tom. Net consolidated income in able. The division is expected 1979 was FFrs 64.3m compared to he closed with the remaining with a loss of FFrs 14.8m in

### **Modernisation plans** for Tata Iron and Steel BY R. C. MURTHY IN BOMBAY TATA IRON and Steel Company TISCO, the only private sector

(TISCO) has launched a steel unit in the country, was Rs 3,40bn (\$442m) modernisation programme. The plan envisages replacing over the next (which is incorporated in all four years half of TISCO's steel agreements of loans given by making capacity by a new plant employing the oxygen steel making process, and setting up a new oxygen plant and a refractories plant to serve the new oxygen steel making shop. Two existing steel melting shops, one commissioned in 1912 and the other in 1923, will be scrapped and a saving of Rs 70m a year will be achieved on fuel oil

chairman, said the company had hy internal resources. approached International The modernisation programme Finance Corporation of the U.S. will add 200,000 toones to for a foreign currency loan TISCO's established by a levy oo domestic steel prices.

financial institutions) when a Rs 300m loan was sanc-tioned under negotiation last year for captive coking coal mines development. The convertibility clause will not apply says TISCO, for the loans under since the sources of finance are not termed financial Institutions. The company will also go

ahead with its Rs 1.4bo normal At an extraordinary general rolling programme of replace-neeting, Mr. J. R. D. Tata, the ments, which will be financed The modernisation programme

for a foreign currency loan TISCO's steel production equal to Rs 550m and a rupee capacity, compared with the loan of Rs 1.25hn is being sought 108,000 tonnes envisaged in the from the Government's Steel original project report. It will Development Fund, which was generate an additional gross trading profit of Rs 500m a year from 1985 onwards.

# Sharp rise at Texmaco

BY OUR BOMBAY CORRESPONDENT

reported a 35 per cent rise in sales for 1979 to Rs 370.2m earlier. The improvement was rolling stock, and structural divisions. Pre-tax profits rose by 31.40 per cent to Rs 16.32m (\$2.1m) from Rs 12.42m in

The reduced profit margin, says Mr. K. K. Birla, Texmaco'a

TEXMACO, a Birla-owned company has maintained the engineering company, has dividend for 1979 at 15 per cent. Texmaco has diversified into the manufacture of chemical (\$48m) from Rs 273.5m a year Modern India Construction Commachinery by the acquisition of earlier. The improvement was primarily the result of higher production in textile machinery.

Lurgi for producer gas plants manufacture. The company bas secured permission from the Government to set up a cement plaot, which was the only field allowed by the Jaoata Govern-ment to big husiness houses (defined in terms of total assets of Rs 200m and above). It is exploring the possibility of importing cement plant to reduce the commissioning time

of the project.

# **Ampol Petroleum lifts interim**

raised its interim dividend after a March half in which profits almost trebled, from A\$4.89m to A\$13.99m (U.S.\$16m). The dividend is np from 3 cents a share to 3.75 cents and is pay-able on capital increased in January by a one-for-eight scrip issue. Last year the directors followed with a final of 3 cents to make a total payout of

The performance of the diversified petroleum, resources, property, television and finance group, suggests that it should have little trouble topping the 1978-79 record profit of A\$20.4m, for 9 per cent; and food which stuffs for 35 per cent. Exports of 69 accounted for 6.8 per cent of year. which itself represented a gain of 69 per cent on the previous

The interim result was after a sharp jump in tax, from A\$

AMPOL PETROLEUM has 1.88m to A\$ 12.44m. Among the factors behind tha improvement were a lift of 6.8 per cent in sales of Ampol's motor spirit compared with an industry growth rate in tha sama period of only 1.2 per cent.

Ampol also managed an improvement in both gross and

retail profit margins, through strict control of expenses, par-ticularly the level of discounts. Total expenses rose only 5.7 per cent. Other factors were better refinery productivity following the recent expansion of the Brisbane refinery, an increased profit contribution from the 63 per cent owned Ampol Exploration, which has a stake in the Barrow Island crude oil fields, and improved profit-ability of subsidiary and joint venture companies.

clude extraordinary net profits of A\$5.7m, largely from the group of a 20 per cent stake in Ansett Transport, the airline and television group. In the first balf of 1978-79 Ampol had capital profits of A\$12.5m, mainly from the sale of its stake in R. W. Miller, the coal group, to Arco, the U.S. oil

During the balf year, Ampol diversified with the purchase from Ansett of a 65 per cent interest in the Brisbane tele-vision station TVQO, and together with Pioneer Concreta Services, acquired a majority interest in Kathleen Investments which controls the Nabarlek uraninm mine, in the Northern Territory.

### U.S. \$30,000,000

## State Bank of India

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In accordance with the provisions of the Notes, notice is hereby given that for the six month Interest Period from 29th May, 1980 to 28th November, 1980, the Notes will carry an Interest Rate of 1016% per annum and the Coupon Amount per U.S. \$1,000 will be U.S. \$51.15.

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6y: Citibank, N.A., London, Agent Bank

**CITIBANK** 

**WEST GERMAN MOTOR INDUSTRY** 

# Goliath gets to grips with Volkswagen

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

A PILOT project which involved the introduction of 60 fully automatic, computer controlled robots at Volkswagen's Hanover has been so successful that the system will gradually be introduced to the group's other plants both in Europe and

VW is nearing the completion of a DM 450m (\$257m) investment programme at Hanover. The outlay covered the intro-duction of a new version of its Transporter light vao as well as plant rationalisation. The gradual build-up of pro-duction of the new Transporter

provided an ideal opportunity

for VW to study the impact of the introduction of the robots, particularly the social implica-

tions, but also whether the robot mainteoance problems could be 22.000 employees were directly are so far no plans for a fur-harmonise production io Brazil affected by the changa. Most ther commercial vehicle plant in and Argentina and to have a of them were welders because Germany.

the robots—the hig ones have

been called "Gollies" (for up its commercial vehicle busi-Goliath) and the smaller ones ness will be concentrated out. They will make the fi--are being used for body shell construction and recommercial vehicle factory in placed the manual welding VW had to add another 50

people to its maintenance staff at Hanover to handle the robots so the machines in fact, "replaced "roughly 250 people. The robots give great flexibility to production and are handling the 3,000 or so different variations of Trans-

porters made at Hanover.

VW makes the robots Itself (but not the control equipment) to production outside Germany, and bas delivered some to other VW has recently set np a companies. The cost is around separate commercial vehicles

About 300 of the plant's near to capacity, However, there Germany. considerable exchange of com- ler's Mexican subsidiary, which day next year and could u Instead, VW's drive to build ponents and sub-assemblies is successful, has liquid funds mately be stepped up to 60.

The main emphasis will be in South America. In Brazil and Argentina VW has in the past year acquired majority boldings in companies formerly owned by Chrsyler of the U.S. for an estimated \$100m. It will use the plants to make commercial vehicles. And in Peru it bas

won the concession to build medium-weight (5 to 6.5 toos) commercials for the Andean Pact countries. To help cope with the move DM 250.000 each complete with the cootrois.

The Hanover plant, VW's second-larget in Germany, is capable of only a little further though it has been manufacturing very the capacity of the second larget in the second larget in Germany, is commercial vehicles even though it has been manufacturing the latter since 1956. VW expects to he able to

trucks developed by VW in co-operation with its West German neighbour MAN In Latin America, however, VW might take its truck range to 15 tons. "We should bave the capability to build our own

represented and where imports are restricted," commented Mr. Gustav Mayer, who heads VW's commercial vehicle operations. Tha group also finds the prospect of making commercial vehicles in Mexico an enticing proposition. The problem there bowever, is that only companies more than 50 per cent owned by Mexicans can obtain a licence to make diesel engines and there are not many industrial organisations of a size able to cootemplate the investment which would be required for a

VW venture. VW might link with Chrys-

and makes Perkins diesels They will make the 6-to-9 ton under licence. But there is no guarantee that output of the engines will continua in-dafinitely because the Mexicao authorities could rescind the prodoction licence at any time. Last year VW's commercial wehicle output in Germany went down from 93,000 to 92,000, a planned reduction caused by the launch of the heavier trucks in those parts of the world where MAN is not new Transporter. Output of the Transporter has reached capacity level of 700 a day but the Hanover plant could be made to handle

> vans a day, compared with the current 160, with minor altersroduction of the VW-MAN co-operative vehicles is split between Hanover and the MAN plant at Salzgitter roughly on a 75 per cent-25 per cent basis. At Hanover the current output is 15 a day (one morning shift only) but should reach 45 a

day next year and could ulti-

up to 230 of the bigger LT

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Bank of America NT and SA does not undertake

COUNTRY	CURRENCY	VALUE DF . DOLLAR	COUNTRY	CURRENCY	. VALUE OF DOLLAR	COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan Albania	. Afohani (Di	44.00	Greenland	. Danish Krone	5,5292	Papua N. Guinea	. Kina	-0.87
Algeria	LOK Digar	4.2878 3.8825	Drenada	. E. Caribbean \$	8.7022 4.1225	Paragusy	_ Guarani	127,30
Anderse	French Franc	4.1225	Guan	U.S. S	1.00	of Yemen	S. Yemen Dinar	0,3416
Antoorra	French Franc	69.93	Guadaloupe Guam Guatems la	Quotzal	1,00	Pero.	. Sel	270,24
Angola	Kwanza	27.627 2.7025	Guinea Bissau Guinea Republic	. Peso	53.\$236 18.7\$47	Philippines Pitosim Islands	. Ph. Peso	7.5055 1.0176
Argentins	. Argentine. Peso	1812.00	Duyano	Syll Duvenese 5	8.8385	Poland	Ziety (O)	31,00
Australio	. Australian 5	0.8787			0.00	Portugal	Port. Escudo	48,88
Antigua Argentins Australio Austria Azotes	. Schilling	10.67 48.88	Haiti	Lempira	0.00	Port Timor	Timor Escudo	1.00
Rehames	. Fortag. Escue	•	Honduras Repub Hona Kong	H.K. 3	. 4.25	Puerto Rico	0.3. 4	. 1,00
Bahamas Bahrain	. Bansmian > . Dinar	1,00 0,5778	Nungary	. Forint IO:	32.6022	Qatar	. Qatar Ryai	3.678
Baloaric Isles Bangladesh	. 2panish Peseta	<del>6</del> 9.95	foeland	. I. Krona	420.70	Reunion Ilo de la.	Erench Erene	4,1226
Bangladesh	. Take	14.8104 2,01	India	. Ind. Rupes	7.8003 623.00	Romania	Leu	4,47
Barbados	8. Francic	28.57	Indonesia	- Rupian Rioi	74.00	Rwanda	. Rwanda Franc.	22,84
Belglum	8. Franc (Fr	28,68	Iraq	. Iraq Dinar	0.2953	St. Christophor	E Caribbana 4	2.7025
Belize	. Selize S	2.00	Iraq Irish Republic	. Itish Punt	2.0072	St. Helena	Starting	2.5555
Bermuda	. G.F.A. Franc	206,125 1,00	israelitaly	. Israelt Pound (4)	46,36 831,60	St. Lucia	. E. Caribbean S	£ 7025
Bhutan	Indian Rupee	7,8003	Ivory Coast	C.F.A. Franc	206,125	St. Pierre	Fr Franc	4,1225
Solivia	. Bolivian Peso	25.00	Jamaica:		1,7835	St. Vincent	U.5 \$	1,00
Botswana.,	. Puig . Criveiro	0.7784	Js pan	. Yan	222.65	San Marino	, Italian Ura	831,60
Brazil Brit. Virgin Isles	U.S. 8	1.00	Jordan	. Jordan Dinar	0.2956	Saudi Arabia	Saudi Riya	5,3303 206,125
Brunel	. Srunel 2	2.1565	Kampuchea	Diel		Sonegal	S. Runas	6,6501
Sulgaria Burma	. Lev Kvat	0,879 2,7071	Kenya	Kenya Shilling	7.3514	Sierra Lagne	Leona.	0.8421
Burundi	. Surundi Franc	. 90.00	Korea (Nth	. Won	0.94	Singapora	Singapore 4.	2.1555 0.8787
Cameroun Republe		206.126	Kuwait	. Won	583.00 0.8672	Solomon Islands Somali Republic	Som Shilling	6,0241
Ganada	. Canadian S	1,1605	The second secon			South Africa	Rand	. 0.7836
Canary Islands	. Spanish Peseta	. 22.95	Lao P'pis D. Rep -	. Kip of Lib.	400.00	Socia	Paseta.	69,93
Cape Verde Isle Cayman islands	. Capa V. Escudo	56.51 0.835	Lac P'pis D. Rep Lebenon Lesotho	. Labanese Pound	3.4055 0.7835	Spanish ports in North Africa	Rn Pesate	69,93
Gent. Af. Rep	C.F.A. Franc	206,125	Liberia	- Uberian ≅	1.00	Sri Lanka	S. L. Rupes	15,50
Chad	C.F.A. Franc	206.126	Libya	, Libyan Dinar	0.2961	Sri Lanka Sudan Republic Sudan Republic	Pound (8)	0,50
ChileChina	Populati Vices	30,00 1,4907	Luxombourg	. Swiss Franc	1.6445 28.37	Sudan Republic	Pound  1	0.80
Cotombia	Col. Peso (O)	46,42				Swaziland	Lilanoeni	0,7833
Cofombia Comoros Islands	C.F.A. Franc	808.195	Macao	, Pataca	5.305 306,125	Sweden	S. Krona.	4.173
Congo (Brazaville).	Colon	208.125 8.67	Madeira	. Portugese Escudo	48,88	Switzorland	Swiss Franc.	1,6445
Costa Rica	Cuban Peso	0,6298	Malawi	. Portugese Escudo . Kwacha	0.8126			
Cyprus	Cyprus Pound	0.3589	Malaysia Maldive Islands	. Ringgit	2.161 3. <b>9</b> 3	Talwan	New Talwan (Of.	35.00 8.2895
Czechosłovakia		6.50	Mair Renublic	Mail Erano	412.25	Tanzania	Baht.	20.50
Dem.Rep. 5'oTo mo	S 7 D	84,8492	Malta Martiniquo	. Maltesa Pound	0.3392	Thailand Togo Republio	C.F.A. Franc	006.126
A Principe	Danish Krono	5,622	Martiniquo	. Local Franc	4,1285 41,226	Toros Islands	Pa'anaa	0,2787
		171,258	Mauritius	. M. Rupes	7.5894	Trinidad & Tob	Tunislan Olnar	0,4151
Dominica Dominican Repub.	E. Caribbean 5	2.7025 1.00	Movico .	Maxican Pero	20 84	Tutkey	Litz	1 .74.43
			Miquolon	. French Franc	4.1225 4.1226	Turks & Galeos	U.S. 9	1,00 0,8787
Ecuador	Sucre .	28, 10 0,6935	Monaco Mongolia	Tuerik (O)	3.3565	Tirvalu	Writtimiers a	0.6167
Egypt El Salvador Equatorial Dulnea.	Colon	2,50	Montserrat	E Caribbean \$	2,7026	United Arab Emiz.	ua. Shilling	7,3314
Equatorial Dulnea.	Ekuele	69,23	Morocco	. Dirham	3.8702 27.0856	United Arab Emiz.	UAE Dirham	3,7035 2,3656
Ethlopia		2.0855	Mozambiquo			United Kingdom Upper Volta	C.F.A. Franc	204,126
Force islands Faikland Islands	Danish Krono	5,5292	Nomibia	Rand	. 0.7835	Uruguay	Urus. Pose (m)	2,84
Faikland Islands Fiji Islands	Falkland Is. E	2.5555 0.8096	Nauru ts	Nacolera Buben	0.2787 12,00	U.S.S.R	Roubis	0.652
Finland	Markka	3.640	Netherlands	. Outch Guildor .	1.9472	Voticen	Hallen Han	231,60
Finland	French Franc	4.1226	NetherlandAntille	Outch Guildor . Antillian Duild	1.80	Vonezueta	Bolivar	4,2837
French C'tylnAf French Gulana	C.F.A. Franc	206, 126 4,1226	New Nebrides	Aust. S	0.8787 56.6209	Viotnam N	Dong (O)	2,12
French Pacific ts	C.F.P. Franc	75,4451	New Zealand	NZ S	1.0175	Virgin Islands U.S.	U.S. 5	. 1,00
Gabon		206.125	Micaranus	Condobs	10,00	Western Samoa	Samoan Talo	0.9174
Gambia	Dalasi	1.6882	Niger Republic Nigerta	C.F.A. Franc	206,126			-
Germany (East) Germany (West)	Ostmark (O.	1.7715 1.7716	Norway	Norwa Konse	0.6805 4.854	Yomen	Rial	4,57
Ghana (weat)	Cedi	2.75				Yugoslavia,	New Y. DINAF	20,9635
Gibraitar	Pound *	2.5555	Omao, Sultanate o		0.3455	Zaire Republic	Zeito Zaite	1.9852
Oilbert is	Augt. &	0.8787	Pakistan		9,91	Zamblo	Kwacho	0.7774
Dreece	Drach ma	43.30	Penama	. Bainos	1.00	Zimbabwa	Zim 2	0.6935

aileble. \* U.S. dollars per Netionsi Currency uoli. (0) Official rate. (C) Commercial rate. for specified exports and imports. (2) Sudan—Official rate for all transactions except specifical (3). Egypt—A different rate applies to cartain transactions with non-IMF countries. nt are changing their currency to Shakele. Nowever, dealers are currently quoting in pounds

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# Dollar improves

prove in currency markets The I per cent fall in the U.S. yesterday in generally quiet discount rate made little impact trading, with little in the way on the market, and attention was of fresh fectors to stimulate drawn towords the West German or fresh fectors to stimulate much movement. Euro-dottar rates showed a slightly firmer tendency ahead of the month and this helped to underpin the U.S. unit. A cut in the U.S. discount rate to 12 per cent from 13 per cent had been anticipated by the market and consequently had little impact. The dollar opeoed at its weakest level and improved steadily to finish just ITALIAN LIRA helow ito best level of the day. Against the D-mark it rose to Against the D-mark it rose to DM 1.7780 compared with Wednesday's close of DM 1.7730, and to SwFr 1.6545 from SwFr 1.6470 in terms of the Swiss franc. The dollar managed a small rise against the Japanese yeo to Y223.80 from Y223.60 from SwFr 1.6470 from SwFr 200.00 from SwFr 20 Y223.40. On Baok of Eogland figures. however, its trade weighted index remained 2t 84.1.

Sterling was weaker overall after an initial selting order had prompted a more general switch ioto other currencies. Against the dotlar it opened at \$2,3540-2.3550 and dropped to 52.3435-2.3450 at which level the Bank of England stepped in to stabilise the rate. With the market meeting resistance at this over oil supplies remains uncer tower tevet, demand for sterling soon picked up, and by noon it had recovered to \$2,2500. It traded for much of the after against the Japanese noon around this tevel but Tokyo yesterday, fini dipped to \$2.3450 at one point before closing of \$2.3460-2.3470. a fell of 1.25c. The pound's over-

steady within the Eoropean suggested that the Monetary System following firmer rates in Frankfurt and discount rate, current fower U.S. Interest rates — The dollar was fixed at DM 1.7790

of living index, with the latter 6.1 per ceo1 after 5.8 per cent in April. Elsewhere, sterling was fixed lower at DM 4.1810 against DM 4.1860 previously, and the Swiss franc eased to DM 1.0749 Swiss franc ease from DM 1.0757.

member of the EMS, having risen briefly to the top of the system in February — The ilra was generally weaker at yester dottar fixed higher Swiss fronc improving to L504.48 against L504.43. The Dutch gullder was bigher at L427.3 French franc rose to L201.51 from 201.50. On the other side the D-mark was slightly weaker at L469.09 against L469.10, and sterling slipped to L1.360.4 from

and batance of payments prob lems reflected in sharp de

last year. Although the situation

tain, easier U.S. interest rates The dollar continued to improve Tokyo yesterday, finishing at ing tevel of Y224.00 and Wednes day's close of Y222.90. A fell in the U.S. discount rate to 12 per trade weighted index which fell cent was unlikely to affect to 74.4 from 74.6, having stood Japan's current mocetary policy at 74.5 at 1000 and 74.6 in the according to Bank of Japan according to Bank of officials, with the main task still D-MARK - Showing renewed the reduction of domestic wholestreogth against the dollar and sale prices. But market sources suggested that the Bank may discount rate, currectly standing at 9 per cent, since the last in ctease was primarily in response at yesterday's fixing in Frank-furt, compared with DM 1.7717 which have receotly dropped con-on Wednesday; and there was no siderably.

### EMS EUROPEAN CURRENCY UNIT RATES

•	ecu . central rates	amounts egenet ECU May 29	% change liom central rate	% change adjusted for divergence	Divergence
Salgien Franc	39.7837	40.3883	+1.45	. +0.54	±1.53
Danish Krone	7.72336	7.83442	+1.44	+0.53	士1.64
German O-Merk	2,48208	2.51857	+ 1.47	+0.5€	±1.125
Franch Franc	5.84700	5.25949	. +0.21	-0.70	±1,3 <b>5</b> 57
Dutch Guridar	2.74362	2.78661	+0.B4	- 0.07	$\pm 1.512$
	0.668201	0.678029	+1.47	+0.56	±1.668
trish Punt	-1157.79	7183.40	+2.21	+1.83	±4.65
Changes	210 to: E	CU. sherelore	positive cha	ings denotes	h .

2.7435-2.3560 2.7160-2.7350 4.567\_4.61 65.60-67.16 12.95-13.01 1.1205-1.1270

1.65-1.45c pm 1.25-1.15c pm 23-13-c pm 10c pm-per 23-33-ore dis 2.7215-2.7225 12.97-12.98 0.04p pm-par 31,-21 pm 16c pm-25c dis 85-35c pm 1,-21 lire dis 1-21-line cis 31-11-ore pm 41-31-c pm 3-21-ore pm 21-11-y pm 20-15-gro pm 31-21-c pm

THE POUND SPOT AND FORWARD

1rans 67,40-67,50. ib 0,70-0,60c pm.

### THE DOLLAR SPOT AND FORWARD

					Three	î e-
May 29	Day's	Close	One month	% p.o.	months	p.e.
UK† I tolond† Canada Norbind. Gelgium Denmark W. Ger. Portugal Spain Italy Norway Franca Swedan Japon Austria	2.3435-2.3560 2.0900-2.0926 1.1595-7.1804 1.8474-1.9535 28,415-28.51 5.5205-5.5285 1.7725-1.7810 68,95-70.11 624,30-835.00 4.9550-4.1356 3.1240-4.1356 4.1775-4.1800 222.60-224.30 12.67-12.68	2.3480-2.3470 2.0915-2.0925 1.1959-1.1594 1.9480-1.9500 28.42-29.44 1.9480-1.9500 1.7775-1.7795 8.33-48.03 89.95-70.03 834.00-834.50 4.1950-4.8580 4.1915-4.1730 223.76-223.85 12.685-12.675	1.55-1.45c ptm 1.40-1.30 pm 0.31-0.36c dis 0.20-0.30c dis 13-16c dis 13-16c dis 0.5pf pm-0.5pf d 30-45c dis 18-35c dis 5-7i)re dis 0.36-1.05c dis 0.45-0.00cr dis 0.45-0.50c dis 0.40-0.60c dis 0.62-0.53c pm	7.98 -3.46 -2.51 -6.91 -0.77 -0.19 -4.54 -9.35 -4.59 -4.59 -4.58 -2.28	4.00-3.90 pm 4.20-4.10 pm 0.46-0.51dis 0.50-6.60dis 37-40 dis 11.8-13.0dis 0.25-0.15 pm 78-95 dis 18*-20 dis 2.50-3.00dis 2.50-3.00dis 1.35-1.55dis 0.450-4.70dis 0.450-4.70dis	7.50 -1.50 -
5witz.	1.0400-1.0505	1,000				.a67

CUR	REN	CY RA	TES	CURRENCY	MOVE	MENTS:
May 28	Bank rate	Drawing	European Cuttency Unit	May 29	Bank of England Index	Morgan Guaranty Changes
terling	11.83 11.83 63 14 13 71 <sub>2</sub> 10 91 <sub>2</sub>			Sterling U.S. dellar Camadian dellar Austrian schilling salglan franc Danish kronot Deutsche mark Swiss franc Dulldor French franc Lira	81.2 135.5 116.8 106.9 164.9 108.9 125.2	-31.6 -9.37 -16.7 -44.0 +15.9 -4.8 +44.2 +78.0 -6.8 -50.7 +25.5

### OTHER CURRENCIES

May 22	£	·*s		Note Raiss
Argentina Peso	4284 4264	1811-1818	Austria	29.60-22.90
Australia Dollar	2.0475-2.0515		Belg lum	66,20-67.50 1 12,02-13.00
Brazil Cruzeiro	116.83 117.65		Denmatk	
Finland Markka	8,67-8.60		France	
Greek Orachma.	101.114.705.461	42,90-45.10	Dotmany	1020 1988
Hong Kong Dolla	11.61-11.53		Italy	E0 2 E00
ran Rial		Na Na	Japan	
Kuwait Dinar(KD			Norway	
Luxembourg Fro		0 1615 0 1655	Portugal	111 116
Malaysia Dollar New Zooland Dir			Spain	160.35-127.00
Saudi Arab, Rival	7.76.7.86		Sweden	a.77-a.84
Singapore Dollet			Switzorland	5,865-3,805
Sth. African Rand			United States	2,3430 2.352
U A.E. Oirham	8,63-8,73		Yugaslavia	47.50-52.00.

### EURO-CURRENCY INTEREST RATES

The lottowing nominal rates were quoted for London dollar certificates of deposit; one mo-.9.35 per cent; one year 9.30-9 40 per cent.

i	May 29	Starling	U,S.Dollar	Canadian Oollar	Outch Guilder	Swits Franc	Wost Derman	French Franci	Italion Ura	Acias \$	Јаралево Уст
	fahort term		21g-94g 91, 91g 93, 05g 91, 10 97g-101g	18-20. 1119-1119 1119-1110 1019-1012 973-1014	111g.113g 111g.113g 111g.115e 111g.111c 103g.11 105g.1076	17-30 34-312 54-513 54-513 57-575 53-512	255-912 256 214 954.215 9.016 812-856	1014-1214 1014-1219 121-127-127-127-127-127-127-127-127-127-	14-16 1712-2112 18-1912 18-1212 18-1012 17-1812	919.938 1 018.912 1 958.914 9794 917-1074	19-13 121s-121s 121s-121s 121s-121s 18h-12as 11fs-11fs-1 105s-107s

### EXCHANGE CROSS RATES

May 99	Pound5terling	U.S. Collet	Oautschem's	Jopan'seYen	French Franc	Swiss Franc	DutchGuild'	Italian Lira	Canada Dollar	rsolgian Franc
Pound Sterling U.S. Pollar	0.425	2.547	4.175 1.779	. 525.0 223.7	0 596 4,132	3,885 1.655	- 4,580 1,252	1956 833,6	2,728 1,160 .	66,70 02,43
Oeutschemark	0,240	0,552	7,952	125.7	2.302	0.031	1.027	468.8	0.65%	15,98
Japanese Yon 1,000	1,905	4,470		1000.	18.47	7,400	8.724	3726.	5.126	127,0
French Franc 10	1,05 t	2,420	4.305	541.5	10.	4.007	4.734	2018.	2,808	68,80
Swiss Franc	0,257	0,604	1.075	155.1	2.405	1.	1.172	505.5	0,701	17,17
Outeh Gulidar	0,218	0.512	0,912	114.6	3.117	0.848	1.	427, t	0.594	14.56
Halian Lira, 1,000	0,611	1,200	2.154	268.4	4.957	1.985	2,542	1000.	1.392	34.10
Canadian Dollor	0,367	0.262	1.534	192.9	5,562	1.407	1.683	718,5	4.081	24.50
Belgian Franc 100	1,490	5.518	6.269	787.1	- 14.54	- 6.836	6.867	2255.		100,

### INTERNATIONAL MONEY MARKET

# **Dutch rates ease**

Interest rates showed a slightly Bundesbank ceotral council, in easier tendency in Amsterdam line with market expectations, yeslerday following the latest in the money market, call money cut in the U.S. discount rate. But essed to 9.35 per cent from 9.525 dealers were quick to poiot out that any cut in Dutch key leading rates would probably only he considered after a fall in West German rates. The Dutch discount rate currently stands at 10 per cent and was last raised on May 2, the same day as West Germany increased A: discount rate. Yesterday, call money rate. Yesterday, call money skipped to 101 per cent from 11; per cent and six-month money was tower at 101 per cent against 11% per cent previously. Next week's payment of a

F1 1.4bp Government bond issue may cause a temporary shortage of tuods, but should be enumered by the Nederlandsche Bank's 18-day special drawing facility.

lo Paris short-teem money To Paris short-term maney rates continued the easier trend started over the past week, with call mooey quoted 2t 121 per cent down from 12% per cent oo Wednesday, its lowest level since April 15. Longer term rates were also down in places. A further auction of Treasury bills was anounced by the Book of France yesterday. The bank is to offer FFr 2.6hm of bank is to offer FFr 2.6bn of 12-month Treasury bills on Juoe 2. The tast auctico co May 5 gave a yield of 13.526 per

In Franklurt there were no new credit policy decisions taken at the fortughtly meeting of the

MONEY RATES

GERMANY
Discount Rato
Overnight Rate
One month

FRANCE RATE

JAPAN

per cent while longer term rates were unchanged.

# **UK MONEY MARKET**

### Small help Bank of England Minimum

Leoding Rate 17 per cent (since Nevember 15, 1979) Early indications pointed to-wards a surplus of funds in the Lundon money market yester-day, but the authorities ended up buying a small number of Treasury bills direct from the disrount houses. The small net more than outweighed by a small excess of Government dishursements over revenue trans-fers to the Exchequer, and banks bringing forward balances a small way ohove target. Discount

### COLD

## Weaker trend

Gold lost \$5 an oonce in the London bullioo market yesterdoy to close at \$517-520 in generally featureless trading. The fall reflected an easier tendency in the U.S. dollar during the afternoon. Gold opened at \$518-521, and was fixed during the morning at \$521.09. It touched a best level of \$521-522; but slipped back at the afterooop fixing to \$519.60. In Paris the 121-kilo bar was fixed at DM 29.840 per kiln closed at \$5181-5201 compared with \$5251-5281 and closed at \$5181-5201 compared wit

### GOLD

·	May 28			
	Gold Sullion Ifine o	unco)		_
Close	£220  <sub>1-</sub> 221  <sub>2</sub> \  £220-281  <sub>4</sub>    £221.707\  £221.106	\$\$15-516 6512-515 \$\$14-20 \$\$14-80	1£2161 <sub>2</sub> .017,9 (£216,8.018,2 (£217,789) (£215,849)	; :
	Gold Corns			
Krugerrand \$535-538 Mapieleof	15228-229:21 1522512-22812 (\$2564-5714- (\$714-7514- (\$714-7512)	\$551.534 5525.551 \$1511-133 5162.162 2160.165 \$142.145 \$441.646 \$509.514 6638.641	(£224-226) (£221-224; (£251-5614) (£67-52) (£67-52)	.,
***************************************			_	_

houses were paying around 163 per cent and eased on the forecast dipped to 16-164 per cent during for most of the day.

In the interhonk market, overnight loans opened at 174-174 per lng and early lnnch. Rates 15-16 per cent.

LONDON MONEY RATES

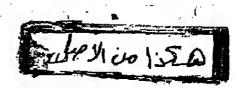
Over night 15-1714 16-1672 1714 16-1672 1742-1756 1742-1756 1742-1756 1742-1756 1742-1756 1742-1756 1752-1754 1752-1752-1754 1752-1752-1754 1752-1752-1752-1752-1752-1752-1752-1752-		Storling Certificate of doposit	Intorbank	Local Authority deposits	Local Auth. regoliable : bonds		Company Osposits	Discount markol deposits	Treerun		Fino Trade
Two months 176-17 176-176 - 171-1714 1745 - 161-1656 165 175 171-171-	a days notice 7 days notice 7 days notice One menths Two menths Six menths	17 17 16 17 17 16 17 16 16 16 16 16 16 16 16 16 16 16 16 16	- 1678 1748 1748 1744 1744 174 174 174 174 1648	1756-1736 1714-1731 1718-1716 10-1612	185 181 181 171 171 171 171 171 171 171 171	17 to 17 to 17 to 16 to	1714 	16-167: 	1573-1573 1644 1644	17., 16: 161 <sub>8</sub> .	1714 17759 1679 1619

16% per cant.

Finance Houses Sace Rates (published by the Finance Houses Association) 18 per cent from May 1, 1980.

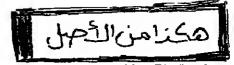
Bank Deposit Rates for sums at seven days' notice 15 per cent. Clearing Bank Rates for londing 17 per cent.

2ille: Average tender rates of discount 16,0947 per cent. Call (Unconditional) 12.6875 -Bills Olocauni (three-month) 13.6125



WORLD Capital Inti, (1/1/70)

ettet (ifi



$\sum_{i \in \mathcal{I}_i} a_i d_i$				WOM	TD 2100	CA MARK	E12	_
	Arrestrong CK   151e   15   Assernera Oil   203e   205e   Asseroco   56   36   36   Asseroco   57   361e   215e   Asseroco   57   361e   215e   215e   Asseroco   56   36   361e   Asseroco   57   361e   215e   215e   Asseroco   21ae   215e   225e   Asseroco   21ae   225e   225e   Asseroco   21ae   225e   225e   Asseroco   227e   227e   227e   Barker Intl.   291e   301e   Barker Intl.   291e   301e   Bank America   256e   255e   Bank America   266e   255e   Bank America   266e   225e   Bank Chamboll   220e   225e   Ball   266e   225e   225e   Bank America   266e   266e   266e   Bank Chamboll   276e   671e   661e   Bank Chamboll   276e   671e   661e   Bank Chamboll   269e   269e   269e   Barrough Forman B   269e   269e   Barrough   276e   269e   269e   Barrough   276e   269e   269e   Barrough   276e   271e   269e   Barrough   276e   271e   271e   Barrough   276e   271e   271e   Barrough   276e   271e   Barrough	Coling	Hamile   PS   1945	May	Stock   28   27	HAMPERED BY fresh profitaking, Wall Street showed slightly easier bias at mis session yesterday, although the merning's trading was active. The Dew Jones Industria Average shed 2.04 to \$55.28 at 1 p.m., while the NYSE at 1 p.m. while the NYSE at 1 p.m. while the NYSE at 1 p.m. the previous day.  The stock is overbought after the stock is overbought after the 24.78m recorded at 1 p.m. the previous day.  The stock is overbought after 2 close to 100 points rise in the 24.78m recorded attracting profit-taking, analyst commented.  They said the drop in the discount rate, anneunced afts Wednesday's close, had little the past couple of more than and the fall in other interes rates.  Some Oil issues which were strong on Wednesday turnor endered to street previous and the fall in other interes rates.  Some Oil Suses which were strong on Wednesday turnor endered attracting and the fall in other interes rates.  Some Oil Suses which were trading and the fall in other interes rates.  Some Oil Suses which were trading and active trading and active trading and active trading and active trading attracts of the stock of th	carly  a Scurry-Rainbow rose 2i te 8 de after an 11 peints gain en We nesday, It is involved in e tak dever proposal.  It Canada  It	billiover, taking the Common bank 4.9 righer to 713.9.  10 Preussag advanced DM 5.1 to DM 205 for a two-day ris DM 11.50, benefiting find the DM 205 for a two-day ris DM 11.50, benefiting find the DM 205 for a two-day ris DM 11.50, benefiting find the DM 205 for a two-day ris DM 12.00 for the earnings.  10 DM 183.00 65 lower the earnings of the Ear
	######################################	20016 21 2074 Marace 2256 3614 Marace 2256 3614 Marace (WW) 2256 3614 Marace 2256 3614 Mara	lerok. 715s 71.1s and 71.1	Atay May May May May 29 38 27 26 1185(55) 5578,75 3611,83 3531,14 3257,43 3880,3 1/63) 63,65 64,63 544,81 347,47 1836(65) 5578,75 3611,83 3531,14 3257,43 3880,3 1/63) 63,65 64,63 58,82 (c) 63,6 1/65) 78,78 78,18 77,77 (c) 38,12 11,176) 78,78 79,9 116,2 (c) 177,80 112,78 116,2 (c) 177,80 112,78 116,2 (c) 177,80 112,78 116,2 (c) 177,80 118,78 116,2 (c) 178,78 116,2 (c) 17	Frt Sys	25   25   25   25   25   25   25   25	10	Price
_/	Miny 21  Giv. yield 3. 8.65  PiE Ratio 7.46  2 Gov. Sond Yield 10.26  Y.S.E. ALL COMMON  7 May May May 18  27 23 22 High Le  10.26  10.	ay May May 1980 Sino 2 21 20 Migh   Low Migh	6,01 Commerzbank (D. HOLLAND ANP-CBS General ANP-CBS General ANP-CBS Indust. (D. HOLLAND ANP-CBS Indust. (D. HONG KOND Hang Sang Bank (D. HONG KOND HANG BANK	90, 1958 775.9 709.8 705.2 (c) 749.2 (d) 749.2	(13/2) 85/3 (12/8) We was a series of the se	Stocast Trans. 1314 1358 Sayer-Hy Stocast Trans. 1314 1358 Sayer-Hy Sayer-H	124.6	83.6 -1.0 May 89 Price 85.6 -1.0 May 89 Price 114 75.6 Ailnemete 580 215 Areada 480 127 71 Bridgestone 686 196 +1 Ganen 580 69.5 -0.5 Daies 780 69.5 -0.5 Daies 780 69.5 Daiwe Heese 511 Daiwe Heese 511 Daiwe Belko 31e Ebare 405 Eisal 870 Fuji Bank 416 Fuji Film 585 Fuj

# all St. tone

turnover, taking the Commerz-bank 4.9 higher to 713.9

Preussag advanced DM 5 mere to DM 205 for a two-day rise of DM 11.50, benefiting from doubled 1979 group net income. Hewever, Schering centrasted in Chemicale with a fall of DM 4.50 to DM 183.00 65 lower 1979

Ameng Metors, good demand hifted BMW DM 2, Daimler DM 3.50 and Mercedes DM 2.20. Kaufhof added DM 3 in Stores and Metallgesellschaft DM 4 in Eegineerings, but Destsche Bank receded DM 1.

Demand remained solid and supply short in the West Germen Bond markets, driving up prices of Public Domestic issues by 50 pfennigs. The Bundesbank solid paper valued et DM 11m against DM 18.1m sales on Wadnesday.

Australia Although profit-taking brought some notable declines, tho general trend remained upwards with Oils providing further strong gains.

Strata Oil featured in the active Oils sector with a fresh advance of 22 cests to 64 cents, more than five times the price before it announced a successful gas lest in a well it shares in the Perth Basin.

Southern Pacific jumped A\$2.50 to A\$23.00. Sanlos 40 cents to A\$13.40 and Vamgas 30 cents to A\$6.50, while Ampol Exploration, well supported is London overright, added 15 ceets at A\$2.65. Bridge Oil, bowever, receded 17 ceets to A\$3.98.

Ameng Minings, Utah firmed 20 cents te A\$5.00, Peks 10 ceets to A\$7.50. Ashton 10 cents to A\$2.75 and Coal and Allied 25 ceots to A\$11.75, but MIM lest 18 cents 16 A\$4.40. Queensland Mines 30 cents to A\$6.50, Renison 30 ceots to A\$16.70 and Bougainville Copper 7 cents te

Aust. 8 -

AS2.28.
Industrial leader BHP put on 15 cents to AS14.20, but CSR shed 8 cents to AS6.40.

Paris

Paris

The merket continued to zhow a seftening lendency in fairly thin treding, with declining issues eutnumhering gains by 106 to 70 at the clesing bell.

Market observers said invester sentiment had been further sapped by the French National Statistics Institute's letest menthly survey of the industrial scene in France, the State-run bedy found that industrial activity is stagnating and that industrielists ere dessimistic shout prospects for the coming menths.

Johannesburg
Gold issues meally lest a little
ground after the recent advance,
with dealers reporting small U.S.

with dealers reporting small U.S. selling.

Minisg Finencials else turned easier, while Diamond leader De Beers retreated 15 cents to R9.90. Platinums declined by between six and 10 cents, while Coppers had Messina 5 cents eR at R4.50.

Barlow Rand was marked down 40 cests le R10.10 in cesier Industrials, although dealers said current student unrest appeared to be having hille impact en shares.

[ JAPAN (continued)

Price You

Stock	Mey 28	May 27		6,300	-70	May 22	Price Fig.	+ or		Aust. 8		May 29	Yon	+-01
itibi	1816	1212	Royale Baige	6,400	-390	AOF Holding	72	+2	AGROW Aust	0.80		Kubota	225	
nico Eagla	335	1134 331e	TOC GAR SAIDS. 1	1.360	+15	AKZO	23,20	-0.30 -0.12	Alistate Expl	1.25	+6.12		3.100	+ 20
pomo stael	321	30 344	Sofina Solvay Traction Elect	8,620	+80	ABN	826	+6.40	I ASSOC. PULT Pan I	2,20		Maeda Cons	450	<u></u> 5
Montreal	3 501	274	Traction Elect	2,555	+20	AMKU	. 68 PU	-1	Aust Cont Ind	2,05	-0.05		. 667 !	-5 -10
ale Resources.	2854	294	Union Minjara Vielle Mont	772	-4 -60	Bredero Cort Bos Kalis Buehrmann-Yet	26,50	+2,52	Aust Ouarant	2.55	-0,01	Merudai	272	-6 1
il Canada	2050	i 21	* 102110 MIDIT \$1,,,	2,420					Aust Paper Bamboo Creek	1.20 5.19	+0.21	Motsushita M'ta Eloc Works	270	+1
Canada	166	1614	DENMARK			Ennia	137.50	+2.52	Bank NSW.	1.50	-0.06	M'biehi Bank	416	6 
ascan A	275e	\$750	May 22	Price	+ or	Care on the Person	a,,00	-0,00	BONG HIGGS	1,70	+5,06	M'bishi Corp	126	-2
Forest	1334	14		Croner		Gist. Bronedes, Heinoken	182,70xc	+1.30	Borol Bi villa Copper	2.28	-0.21 -0.07	M'biahi Ri Est	184	-2 -1
mflow Mines	18	18	Andelsbenken	108	-77	Hoogovens	18,70	-0.26	Brombles Inds 2ridge Oil	3.98 i	+6,45	Mitsul RI Est.	472	8 7
n Coment	1234	1214	Saitice Skand Surm & Wain Cop Handelsbrik. O Sekkerfab Danske Bank	58	+1.5	KLM	25	+0.121	Brunswick Oil	0.26	+ 0,16	Mitsukoshi	420	+5
n Pankers	2912	2914	O Sokkerfab	26.75		Nat Hed Cert	15	+0.62	CSR	6.40	-0.00	HGK Insulators Hippon Denso	1,060	+5
n Perm Mtg	2012	185s	East Asistic	100,76	+0.25	Ned Cred Bank Ned Mid Bank	60.50	+1,50	Castlemaine Tys.: Cluff Oil (Aust.)	3.05		Hispon Gakkr	440	+3
n imp Bank	25	271g 255a	Finansbanken Forenede Srygg,	142.00 282.0	+6,75	Nedloyd	21.40	-0.40 I	· Do. Opts	0.18	-0.21	Nippon Ol Nippon Bhinpan	650	+10
n Pacific Ent.	4178	4818 2250	Forende Dampak	177,00;	-6,25	Oce Crinten	11,8		Coins (G. L.)	1,35		Hippon Steel Nippon Sulsan, NTV	142	+1
n Tireorokee Res	25	201	Nord Kabel	37,5	+2,50	Ommeran (Van) Pakhoed			Comalco	6,50	+ D, IB	NTV Метог	4,300   670	-60
		104	Papirfabrikker	05,0	+0.75	Phillips	18 3	1 4,50	Containers	2,80 5,56		Hisship Flour	345	+2
mineo	554	564	Privatbanken	65,26		Rijn-Scholde	168	+0.50	Costain	2.85 3.76	+ 0.25 + 0.50	Nisshin Steel	425	1 8
ne Bathat A	16	20	1 2midtle (FL)	102.6		Rodamco	152.50	+0 80	Duntep	0.73		Olympus	292 786	+1 2
on Dave L	В	6 75	6 Berendsen3	96,00	+0.25	Royal Outch	111	4 1 70	Endeavour Res	2.85 0.39		Olympus Orient		
nison Mines	4014	405				Takyo Pac Ng	208=0	0.50	Hemersley	1.45 4.00	[	Renewn	613	+1+2
me Mines me Patroleum	7434	77 ·	FRANCE		1	Unitsver Viking Res	10B, 16	-1	Hooker	4.85 1.01	+0.00	Sanvo Elec	381	7
m Sridge	1778	18	May 29	Price .	+ 07	VMF-Stork	31.2		ICI Aust	2.36		Sapporo	645	2 2
m Stores	1854	343e 185e		Fre-		Yelker-Stevin	61.90	-0,20	Jimberians Min.,	1.76 1.30		Shiseide	531 878	5
con Hickel	103	101	Emgrunt 41% 1976	8,007	-3 1	West Utr Bank	209		Kia Oro Gold	0.3B	T 10,04	PLACE BY MAN	420	+ 20 15
Wost Life	2914	303	CNE 35	1,250	+65 -16	ITALY		10	Mim	4.4D	-D.18	Taihai Dengyo	250	- 16
f Canada, fstream Ros	3134	563 <sub>4</sub> 2,25	Afrique Decid	544				31	Metramar Min	6.35	+0.05	Telsei Cors Talshe Pharm	201	-144
wk Sid. Can	17.4	18	Air Liquide	118.2	+14	May 29 ,	Frice	+ or	Monarch Pet	5.80	+ 0,82	Takeda		-1 -10
		684	BIC	14 ! .			<del></del>		Nat Bank	2,50	1	Tei)in Teikoku Oil	135 -	-1
son Bay Mng. Son'e Bay Oli & Gaz	25	26 L	Beng Rothschild	16 i -	+ 1.7	ANIC,	8,00° 64,460°	330	Nichelas Int	1.32		788		 5
ky Oli	144	314	Carrefour	.826	_23 I	Banca Com'le!	13.280	_a~ 10	Dekbridge	4,00	+ 6, 10	Tokio Marine Tokyo Elect.Pwr	576 .	i2 '
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er Res		284	Cofimeg	68		taielder	322.e	5 54 3	Sentos	3.40 ·	- U.48 j	Toyota Meler	834 .	-6 -1_
ks & Sponcer	281	28	Crausot Loire2	50.8	-0,1	Divetti	2,020	+6 .	pargos Expl	2.31	0.00	Victor 1 Waccel	725	-10 +5
ntyro Mines.	94	24	Demez	<b>5</b> 0 . –	-5"   1	irelti SpA	718	-11 T	hos Natwide 2	2.38 -	- 0.92 }	ramaha Motor	520	-4 +5
and Explor	27	751 <sub>8</sub>	Gen. Occidental .) 3	01 B 1 -	- L	do. de. Priv.		+9  ₩	Neh Mining	.00 -	6.201	fasuda Fire fakojawa Bd <u>a</u> e.		-5 
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inde Mines!	٠.	253	Machines Bull	58.6 -	6.4	NORWAY		. W	Voolworths 1 Formald Inti 3	.20	6.87	May 88	'rice +	- er
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wood Permiting Cooper Can Petrol no.	2.16	2.16	Moulinex 8	0.9 -	0.1		roner .				. 10	old Sterose	.4e	0.02
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# THE PROPERTY MARKET BY MICHAEL CASSELL

# Rents fail to beat inflation

Hillier Parker rent index shows that average commercial rental types of properties showed a values in the six months up negative growth once inflation valnes in the six months up

36

until May were rising at a fairly buoyant 15 per ceot, though The iodex clearly charts the

relatively poor current performance of the retail sector, which had previously led the field in with the exception of the same terms of rental growth since 1977. It suggests that, in the period under review, average shop rents rose by just uoder 11 per cent (little more than half the rate recorded in the mainly in central Londoo, with six months before) and some increases over the last six shops sector lose further ground as the recession bites deeper According to the latest figures, the regional pattern of shop rental growth is mixed. with only inner suburhan London and the south-east region beyond the capital showing rises comparable with the increase in inflation. Central continues to show sluggish growth, which would bave been even poorer hut for rises in "fringe" centres like

Victoria and Cheapside.

COMMERCIAL RENTS are now growing more slowly than they have done since the start of latest six-month period while 1978 and they continue to lag those for Industrial properties well behind the rate of inflation.

The latest Investors Chrooicle-Hillier Parker rent index shows

Despite growing signs that the they actually fell by nearly 5 industrial market is now per cent if inflation was taken into account. difficult period ahead, the sector has up until now continued to perform very well and the re-cent rate of rental growth was. period a year earlier, the highest recorded by the iodex since 1973-74.

Io the offices market, the rise in rental values has taken place increases over the last six months running at an anoual rate of more than 31 per cent in the Holhorn-Marylebone dis-trict. The West Eud was close behind, showing an average 26 per cent rise while the central City area could only record an increase equation to 17 per cent a year.

There is some evideoce in the figures to support the popular theory that the gap hetween City and West End rents is slowly narrowing and the index itself tends to suggest that this trend has been developing for The index shows that average the past 18 months.

# Land Securities scheme pre-let

which equates to a yield of

4.64 per cent. Carlton manag-

ing director Mark Keegan says the deal, which involves

the company's first provincial period refurbishmeot, bears out his belief that there is

a market for the "Haslemere" treatment in good provincial

· Winterite of Leeds have

poid £562,000 for a mainly freehold but part leasehold single-storey factory complex

in Gelderd Road, Leeds, from

Cadhury Schweppes. The haldings, inctuding a two-storey office htock, extend to about 88,500 sq ft. Henry Butcher acted for Cadhury.

Schweppes and Roland Stross

• Laing Properties has han-

ded over to Marks and Spen-

cer its new Harrow store four months ahead of schedule. The 50,000 sq lt

store should be open in mid-

Navember and the supporting

nine shops in Laing's Harrow

town centre sebeme should

he ready for shopfitting in Angust. Also included in

phase one of the scheme, being developed in partner-ship with the borough of

Harrow, is Sheridan Honse, a

22,225 sq ft air conditioned

represented Winerite.

LAND. SECURITIES (Management) has pre-let 51-54 Gracechurch. Street to ANZ Banking Group at a starting rent of over £500,000 a year with a review on completion. The desl is subject to about 8,500 sq ft heling sub-let to existing tenants.

The bullding, owned by London Reat Property - 2 Land Securities subsidiary— is heling extensively refur-bished and comprises just over 39,000 sq ft of office space. There is a hanking ball on the ground floor and seven upper office floors.

ANZ, which plans to move in during 1981, will continue to occupy the adjacent hulding. Weatherall Green and Smith advised ANZ and Land Securilles Management represented the landlords.

Coea-Cols Export Corpora-tion is to take Eoglish Pro-perty Corporation's develop-ment on the alte of the former Ponting's department store in Kensington High Street, W8. It will pay an initial rent of £335,902 a year for the 31,280-sq-ft building. hased on a 25-year lease with five year reviews. Erdward Erdman seted for EPC and Smith Melzack advised Coca-

• Hoare Govett has taken a 25-year lease at an inittal rent of £7,080 a year on 2,575 sq ft of light industrial space at 79, Farringdon Road, EC1. The tenants were represented by Jones Lang Wootton.

Having refurbished and

office building, currently being offered for letting hy Laing Properties' sole agents, Edward Erdman. then let 10, Cumberland Place, Southampton to Access for a rent of around £4.25 a sq ft, Cariton Real Estates has now contracted to self Arroweroft is to develop, in the property to National Farmers Union Mutual Assur-ance Society for £310,000,

association with Standard Life Pensions Funds, a 70,000 sq. ft. industrial and warehousing complex close to Piccadiliy station in Manchester. Units on the 3.4-acre site at the junction of Mancunian Way and Downing Street, will be available from the summer of 1981. Sykes Waterhouse and John Taylor acted for Arrow-croft and Standard Life res-

Rents on the Hammersmith industrial estate, being developed jointly by Barclayirust and Second London Wall, have reached £37ā a sq. ft., one of the highest levels achieved for new industrial space in central London The space in central London. The scheme is not due for com-pletion until August but is almost completely pre-let or under offer by joint agents Grant and Partners and Healey and Baker.

 The Property Unit Trusts Group is making new issues of units in two of its funds. the Pension Fund Property Unit Trust and the Pension Fund Agricultural Property Unit Trust. The new subscription price for PFFUT units will be £2,095, to yield an estimated 5.1 per cent, and the unit offer from PFAgPUT is priced at £1,350 to yield an estimoted 3.7 per cent. Both offers will be made today.

### **Boston** in Bishopsgate

THE First National Bank of Boston seems set to join Deutsche Bank at 68 Bishopsgate, the 24-storey building jointly developed by Baring Nominees.

Brothers and Electricity Supply It appears that both Deutsche Bank and First National were initially bidding against each other to become major occupiers, along with Barings, at Bishopsgate but the two parties—which enjoy close links—reached an agreement to resolve the situation.

Apparently Deutsche Bank, which needs fairly urgently to expand from its existing Moorgate premiaes, agreed that it would take about 70,000 sq ft of offices in the 150,000 sq ft building at a rent of close to £23.50 a sq ft and it would then sub-let space to First Bank of

Several floors will be surplus to Deutsche's requirements and it is understood that First Bank of Boston will be taking the mezzanine and two or three other floors as well. The rental is, expected to be at the same level which Deutsche will itself

# Dutch in doldrums

AGAINST a dull economic back- investment intentions has to be

investors.

But despite the comparatively bleak outlook a survey published this week by Savills says there is no shortage of ready buyers for good quality offices and shops and "opportunities to buy prime investments are few and far between."
In the short term the rental

market may now be running out of steam. On retail space, which has recently been one of the most attractive sectors for overseas investors, Savills says: "Shop rents, baving moved up over the past year, may well platean for a time.
As in the UK, the effect of

be paying.
Though the rent aet repreaents a new breakthrough for large, prime City space and the joint developers seem happy about the deal, it is believed that Deutsche Bank is also pleased with the outcome, baving been given clearance to go substantially higher in order to obtain the space.

against a dull economic background with rising unemployment, high interest rates and
mounting inflation, the Netherlands property market currently
presents a mixed hag of opportunities for potential British
investment intentions has to be
set against localised shortages
of prime properties and sites,
which abould belp uoderpin
capital values. The lack of
good investment opportunities
at bome has led Dutch institutions to look increasingly overgood investment opportunities at bome has led Dutch institutions to look increasingly overaeas, particularly in the U.S., for property deals.

Prospects for offices appear mixed, with a strengthening of a two-tier market the most likely development. Savills note that offices outside the pricipal Randstad market are not greatly in demand but says that greatly in demand but says that the position within the Rand-stat area — which embraces Amsterdam, Rotterdam and The Hague — is "somewhat Hague — different."

Top Amsterdam office rents it says, are now standing at around Fl 300-325 per sq metre compared with Fl 170-200 per unhealthy economy on sq metre in provincial class.

Fareham goes ahead

SAMUEL PROPERTIES and Standard Life Assurance are going ahead with the second bam centre was completed at the end of 1976 at a cost of going ahead with the second phase of the Fareham shopping centre in Hampshire. The scheme will cost an estimated £6\text{\pm} and should be finished by early 1982.

The development will com-

The development will com-prise around 100,000 sq ft of retail space and car parking space for 240 vehicles. There will be a major store of 46,000 sq ft and 27 other shop units. No tenants have yet been lined

The first phase of the Fare-

J. Sainsbury and there are 56 other stores. When tenants were signed up in 1976 annual rents of up to £15,000 a atandard unit were achieved. The developers say it is too early ot start talk-ing about the cost of apace in

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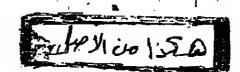
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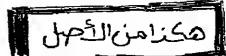
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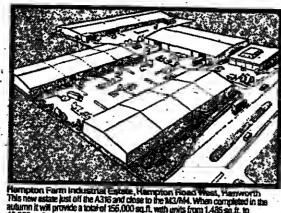
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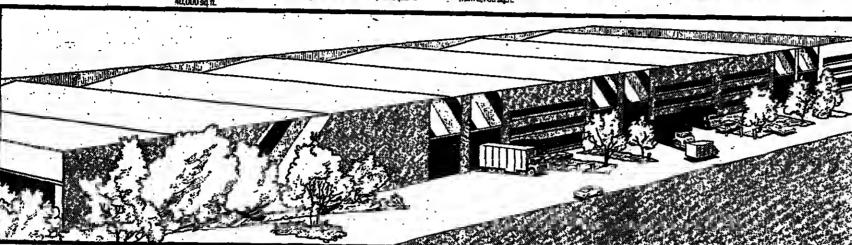
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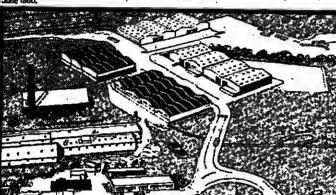


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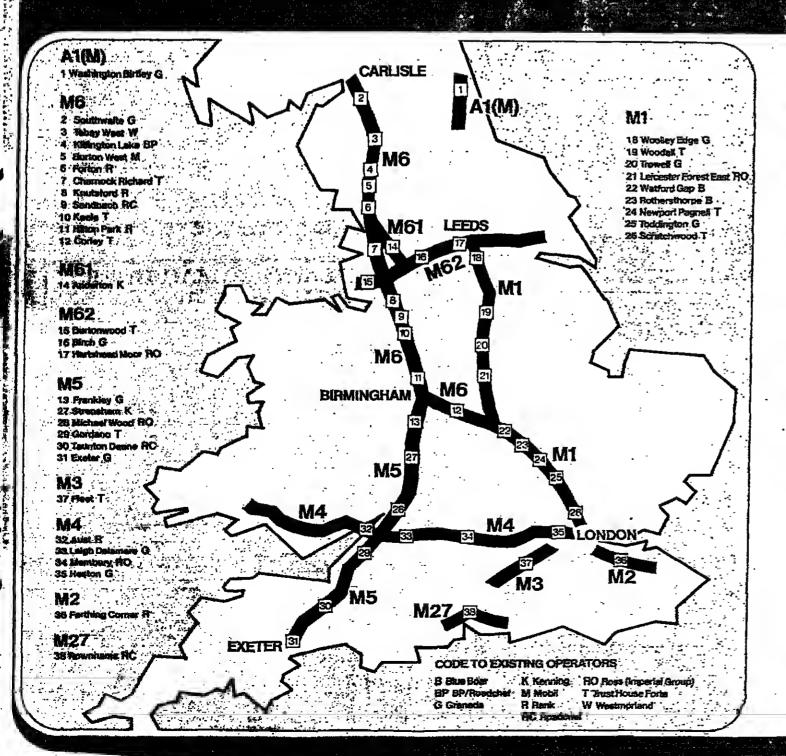
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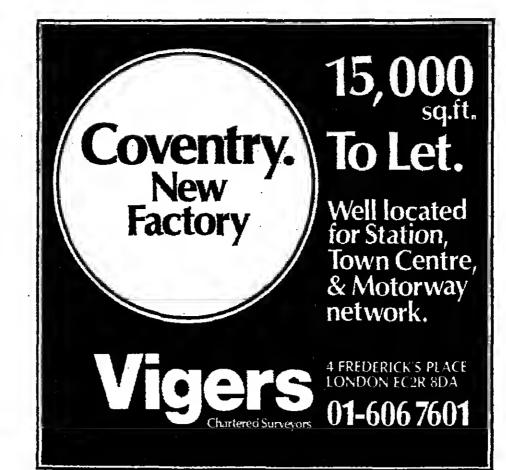
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# وكذامنالأحل

### Australia may seek grain talks

CANBERRA - Peter Nixon, Australian primary industry minister, is considering visiting Bob Bergiond. U.S. Agriculture Secrotary, to discuss the U.S. embargo of grain sales to the Soviet Union, a department spokesman said.

The Australian Government is currently reconsidering its positinn on the embargo. So far, Australia has complied with the U.S. request to grain ex-porting nations not to make any sales which would make up any shortfall in Soviet supplies stem-

ming from the ambargo imposed in Jaouary. Earlier thla week a delegation representing Australian grain exporters met Mr. Nixon to express concern that Australia may lose substantial sales opportuni-tles if there is not some early

clarification of the country's future grain exporting policy.
In Argentina, meanwhile, it expected that the Soviet Union will huy virtually all the 3m tonnes of maize ovailable

for export this year. However the crop was badly bit by the drought and subsequent rains and flooding. Final trsde estimates are for produc-tion of 6.2m to 6.3m tonnes

against 8.7m in 1978-79.
Argentina's 1979-80 soyabean output is forecast to fall to around 3.1m tonnee from the previous season's 3.7m grain traders said. Reports of the barvest, now under way, are

showing poor yields compared to 1978-79. The decline in this year's crop will mean o fall in exports to around 2m tonnes from last

### year'a 2.8m. Apple growers n'an Brussels

protest.

By Our Commodities Staff APPLE GROWERS from all parts of England will be going Brussels next Tuesday to labby a meeting of European fruit and vegetable growers and to hand in petitions at the EEC Commission and to the agricultural committee of the EEC

The object of the demonstration, led by Mr. Dan Neuteboom, chairman of the National "remers'. Union's opple and pear committee, is to emphasise to the rest of the community the seriousness of the current crisis among English growers because of Continental imports. particularly from France.

# Lead and zinc prices fall

BY JOHN EDWARDS, COMMODITIES EDITOR

beavily on the London Metal Exchange yestarday, following a gloomy forecast of prospects for the year sheed by the big West German metals producer, Preussag.

Joerg Stegmann, a member of the Preussag managing board, forecast at the group's annual meeting in Hanover that lead, zinc and silver prices were more likely to continue falling than climb in 1980.

He said his predictions were based on developments in the U.S. car and construction induatries. It remained to he eeen, he added, whether falling U.S. interest rates would succeed in boosting the U.S. economy and with it metal prices.

Mr. Stegmann noted that lead and zinc supplies are unlikely to be seriously affacted by world political uncertainties since production of the metals was widely spread. However, Guenther Sass-

mannsbausen, chairman of the Preussag managing board, warned that the group will have to consider closing its lead smelters at Harz and Norden-bam if proposed air pollution regulations now under con-

LEAD and zinc prices fell sideration by the West German beavily on the London Metal government came into force. Despite this warning lead prices on the Metal Exchange fell to the lowest level since August 1978. The cash price closed £13.5 down at £318 a tonne, but rallied elightly in late kerb trading. It was over £700 ahout a year ago. Zinc the cash price dropping by £9.75 to £297 o tonne. The decline in both metals

was influenced by a fall in copper. Cash wirebars lost £15.75 to £895.25 a tonne as a result of profit-taking sales after the recent gains. Market sentiment was affected, too, by the turnround in silver prices, which also moved lower reversing the recent firmer trend. ing the recent firmer trend.

In contrast tin prices were boosted by a renewed shortage of immediately available supplies. Cash tin jumped by £155

to £7,470 a toune establishing a azeabla premium over the three month's quotation that gained £80 to £7,385. The uptrend was encouraged by recovery in the Penang market

overnight. The cash price of aluminium rose strongly, too, closing £21.5 np at £752.5 a tonne.

# Low quality potato imports attacked

BY RICHARD MOONEY national health restrictions. Continental imports until June 13 under Government plant bealth regulations. But the adoption of EEC regulations from May I meant the end of these restrictions and opened

the door to a serious challenge from other Common Market suppliers.
The PMB's chairman, Mr. Geoffrey Grantham, said in London yesterday he was confideot British growers could meet this challenge, "We have a better product," he declared, "now we must present it as it

should be presented." But he said action was needed to prevent the importing of sub- even under the old system.

BRITAIN'S POTATO Market standard potatoes as had been ing Board is worried about the the case with some Egyptian effect of imports on the bome, and Dutch supplies. Mr. market following the ending of Grantham said it was "demoralising" for British growers that Until this year the UK mar-cheap sub-standard potatoes ket has remained closed to should be allowed to compete with their own supplies, for

which a very bigh grading standard was enforced. There is also concern that inflows from the Continent could upset the balance of the UK market. The Board is liaising with the French and Italians to ensure a smooth progression of sunnlies, Mr. Grantham said.

He thought it was "quite wroog," however, to link the recent British outbreak of Colorado beetles — g serious potato pest — to the new import regulations. He said the beetles came in on spinach, not potatoes, and would bave got in

### Upturn on cocoa market

By Our Commodities Staff COCOA VALUES bounced higher on the London market yesterday in what dealers saw as a technical reaction against the recent sustained decline. Following a £2 increase in the July futures position on Wednesday, which ended ... a six-day ... decline which had wiped more than £100 o tonne off the price, July cocoa yesterday gained another £30 to £1,092.5 Meanwhile in Geneva it was

prounced that a meeting, believed to be aimed at keeping the International Cocoa Agreement alive, is to be held today.
The two-day meeting

follawa intensive cansultations with producers and con-sumers by Mr. Gamani Corea, secretary-general of the UN Cammittee on Trade and Development (UNCTAD).

Negotiations on a new cocca pact, under the auspices of UNCTAD, failed in Geneva earlier this year and it was not even agreed to extend the old pact, which ran ont on April 1.

UNCTAD legal experts believe, however, that the pact can still be revived. On the consumer side EEC

development commissioner, M. Clande Cheysson, U.S. trade official Mr. Mike Smith, a delegate from Canada and representatives from two other countries will be attending. It is not known for certain which producing countries will be represented but the Ivory Coast is believed

### to he among them. Sugar prices

lose ground

By Our Commodities Staff WORLD SUGAR prices lost ground yesterday despite a late rally which lifted values well off the lows. In the morning the London daily raw sugar price was fixed £25 down at £337 a tonne and oo the London futures market the August position fell to £367 at one time. But after a wave of buying near the close August sugar ended only £3.475 down at £379.15 a

Dealers said the earlier selloff was seen as a technical reaction following the recent sustained rise which had lifted prices of 5½-year peaks. It was also suggested that rainfall in Thailand, where drought has caused serious sugar crop problems, may also have influenced hie decline.

### **COMMON AGRICULTURAL POLICY**

# Mr. Walker's flank attack

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

IT IS becoming clear that while Mrs. Thatcher is gathering the beadlines with ber attack on the British contribution to the EEC budget, Mr. Peter Walker, Minister of Agriculture is ottempting to execute a flank attack on the Common Agricultural Policy. In a number of speeches over the last few months, he and his Minister of State, Alick Buchanan Smith, have been saying that the only solution to the Community's milk aurplus is to make those countries which are responsible

for increased milk production pay for it. This is o fundamental ottack on the principles of the Treety of Rome which lays down in ou uncertain terms that the Common Agricultural Policy meant exactly what it said. That there would be no national policies, and there could be no national surpluses, only Community onea. This is the priociple to which Britain sub-scribed on signing the Treaty, and any change would mean in

effect standing the CAP on its Mr. Walker'a campaign warmly supported by British Particularly the Irish, Dutch farmers who, like him, don't and French. Their exchequers really understand the basis of don't have to find the cash, in the CAP. They repeatedly claim, foct probably would not be able as Britain is a deficit country to on such easy terms as at in milk, as in many other foode, present. that surpluses are no concern Then again why should Mr. of theirs, and belong to the other Walker's suggestion be confined

levies which bear on the price here are denounced as unfair.
On the face of it Mr. Walker's to tha CAP? And then ask suggestion, which meane in affect of patient of patients of the interested parties, with effect o sort of national quota, effect o sort of national quota, is entirely reasonable. But then the EEC arrangements covering the CAP have never been administered by reasonable men, but by a conneil of Ministers representing constituencies of farmers whose only interest in the Common Market is what they can see out of it. they can get out of it.

The truth is that apart from sugar beet, which is subject to a quota in national terms, the guarantee section of the CAP is openended. Milk is io the limelight because it costs the most, about £3bn or £120 per community cow s year. This is because only about 40 per cent of milk products are actually sold within the Community at the guaranteed price. The halance whether exported to Russia or elsewhere, turned into onimal feed or whatever,

all has to be aubsidised. Some countries' farmers and their economies are beavily dependent on these subsidies.

crocodile tears pouring down their cheeks, what will happen to the unity of Europe? Somebow I don't think the unity of Europe, in which I believe as much as anyone, is or even should be dependent on the bought favours of a farming community, unlikely to vote Communist in any event.

But even if you accept the basic seose in Mr. Walker's suggestion, the practical difficulties of applying his principles are formidable. He is in effect demanding a onots system. So much milk will be supported by FFOGA, the Community farm fund, and the bolance would be sold at reolisation and either the farmer or the National Exchequer would

have to find the money. It is ironic to note that the only Community country in which quotas could be administered is the UK, where all milk is sold through five monopoly morketing boards. Elsewhere in the Community, except perhaps in Holland where there are but two milk co-operatives, there are a multiplicity of buying and processing outlets which would make the adminis-

tration of any quota scheme extremely difficult if not

fairly well being only about 70 per ceot self sufficient in milk products. Everything produced bere could be sold without subsidy, which is probably why Mr. Walker is pushing his ideas with such determination.

A quota scheme would have the advontage of impressing either the country or the indi-vidual farmer that any increase in his production would have to be paid for by a sharply reduced price. A co-responsibility levy such as the Com-mission tries to impose reduces returns to such an infinitesimal degree when spread over the whole industry that all it does is to stimulate more efficiency

which means more milk. His suggestiona- are I believe more worthy of attention than the rather gimmicky appointments he has been making in marketing etc. They should be seen as part of the Govern-ment's determination to get the

budgetary cost of EEC member-ship down and to reform the CAP which is the real cost of the former. suggestion that national resources should fund Com-munity surpluses Mrs. Thatcher moking it perfectly clear how ony reduction in the British coolribution should be financed And with the threat of Giscard

By putting forward the and the British Government is d'Estaing to raise French prices irrespective of an agreement in Brussels it looks ae though a start is being made.

# side of the Channel. Any pro- to milk. What about wine. oils impossible. position to help pay for them and fats, to say oothing of But under any sort of quota with the help of co-responsibility tobacco. Once the principle of schame the UK would come off Bigger EEC worries food trade

BY A CORRESPONDENT

Common Market moy disrupt their raw moterial supplies. They fear that new tariff walls to protect farmers in Greece, Spoin and Portugal, could ahot out imports traditionally products. acquired outside the Community.

Mr. Alex McClumpha, purchasing manager for the Nestle Company, expressed the ludustry's anxiety at a food manufacturers' conference in Loodon yesterday. He warned that new market controls to support agriculture in the three applicant states could damage the interests of UK food manufacturers.

Processors' requirements were often very specific, be processing,

FOOD MANUFACTURERS are pointed out, and could out worried that expansion of the necessarily be found within the Community. Equally important the quantities they oeeded were often very small, and so could not be said to add significantly to EEC surpluses of similar

> Yet these needs could well be ignored by the imposition of import taxes on particular foode, which failed to distinguish hetween the varieties in which they were bought by

This danger was particularly acute in the fruit and vegetable sector, said Mr. McClumpha. An additional worry for manufacturers is that expanded market support for crops grown in the applicant states could hamper the flow of foods for

"There is a danger that EEC enlargement negotiotions will be based on fresb market standards for table quality." said Mr. McClumpba. Producers could well be encouraged by high prices to grow food specifically for the guaranteed market of the intervention store rather than sell to the

Proposols to introduce a tax on imports of oils and fats to alleviate the Community's potentially big olive oil surplus were condemned by Mr. McClumpha. This suggestion has receotly been rejected by the EEC Commission, but may

### Japan buys less Soviet cotton

OSAKA - Japanese trading bouses have concluded con-trocts with a visiting Soviet mission to buy a total of 20,000 to 25,000 tonoes of raw cotton for shipment in the second half of this year,

Most of the cottoo will be shipped in the October-December period at \$2,110 a tonne, cif. with the remainder io the July-September period at \$2,210.

The contracted volume is smaller thon 25,000 to 30,000 tonnes Japan bought for shipment in the first half and follows active domestic Soviet demaod.

Japan buys Soviet raw cotton on a half yearly basis.

### BRITISH COMMODITY MARKETS

BASE METALS COPPER Ensier on the London Motal Eschange. Alter opening at £919 forward motal mayed up to touch £928 in the morning rings (ellewing good leesh buying before easing to £923 on the morning kerb. The market same Under modest pressure in the objection as a firmer tendency in starting coupled with a docting on Comex depressed

GOPPER : Official - Unofficial -Amalgamated Metal Trading raported

17. Csihodsa, ihree monihs Kerb: Wirebara, ibree montha

Forward motal held steady eround Moming: Cash £318, 20, 22, three £7,350 for most of the morning before months £330, 28, 28 27, 25, 24.5, 24. morning kerb ewing to sizaeble olop-loss buying. Ouring the afternoon the market moved narrowly before closing

Straight 7400.10 +55 5 months 7355-65 +55 Settlem t 7410 +58 Straight 2410 +58

Morning: Stendard, cash £7,380, 90, 7 400, three months £7,350, 40, 30, 40, 50, 50, 50, 7,380, 7,400. Alternoon: Standard, three months £7,490, 7,380

LEAD—Lost ground reflecting the weekness of copper coupled with beerish remarks by a director of Preussag. Allor opening around £336 forward material fell shorply to the day's low of £320 on the marring kerb belone tellying to close the afternoon kerb of £326.S. Turnover \$,875 rennes.

TIM—Sharply higher fellowing outrong rass at Persang and good buy-no oil cash material which widehed no backwardalion to 680 at one point.

i.G. Index Limited 01-351 3466. 29 Lamont Read, London SW10 0HS. September Cocoo 1103-1112 I. Tax-free trading on commodity futures. 2. The commodity futures market for the small investor.

CORAL INDEX: Close 415-420 (+1)

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The Sonak will be rembersed coupon no. 5 and following intached on Micr July 7, 1980.
The pumpors of the drawn Sonds are no follows: 1980. Bors of the drawn Bords are as fellows: 10 306 Incl. 517 to 656 Incl. 22847 to 25000 Incl. Amount surchased on the market: UA 325,000— Amount outstanding: UA 15.625,000—

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THE SCOTTISH

29. Kerb: Three months £323, 22, 23. Afternoon: Three months £324, 23, 22, 21, 20.5, 20, 20.5, 21, 22. Kerb: Three

ZINC—Lower, reflecting the trend in copper and lead and the bearish remarks made by a Preusoon director. Three months motal opened of £317 but declined throughout the day to close at £306.5, after a low of £305. Turnover 5,050 tonnes.

ZING Official + or Unofficial -Cash ...... 299.501.5 - 8 898.8 - 9.75 8 menths 511.5 - 7 598.5 - 19 7 ment ... 501.5 - 5.5 - 5.7 57.5 - 5.7 Moming: Three months £313, 12, 11, 12, 11, Kerb: Three months £311, Afternoon: Three months £310 09, 08.5, 09, Kerb: Three months £508, 07, 06,

ALUMINIUM-Easier for three months ALUMINIUM—Easier for three months material sithbugh streng demand for cook metal encouraged 6 etroog riso in their market. Forward metal opened at £729 and essed to £726 at the start of the strengen, but then relied in the wake of the buying of cash metal to close the late kerb at £733. Turnover 8,750 tennes.

Alumin'm a.m. + or a.m. + or Official - Unoffic's - 25 2 2 2 5 5 mooths 728.5 3 -2.75 728-20 -2.5

Morning: Three months £727, 28, 29, 28.5, 29, Korb: Three months £726, Afternoon: Three months £727, 28, 32, 34,

NICKEL—Marginally lower after a day of minimal treding. Forward matal opened around £2,675 and moved narrowly to close at £2,670. Turnover NICKEL

a.m. + or p.m. + er

\* Cente per pound. † SM per picul. † On previous pnofficial cipae. SILVER SILYER
Silver was fised 38,65p an ounce lower for spot delivery in the Landon bulken market yeszerday of 25,5595. U.S. equivalsons at the fixing lavels were: spot \$13,07, down \$1c; thmemonth \$13,303, down \$2,1c; sie-month \$13,557, down \$0,2c; and 12-month \$14,106, down 76,9c. The matel opened at £5,50-£5,65 (\$12,95-\$13,25) and closed at £5,35-£5,50 (\$12,8-\$12,90).

SILVER | Bullion + er L.M.E. | + or per floting p.m. trey oz. price | Unefflot'1 

Lans—Ternover 159 (178) hous of 10,000 ounces. Morning: Three months 80, 78, 75, 70, 68, Kerbs: Three months 570, 69, 570. Alternoon: Three months 560, 57, 58, 57, 58, 57, 58, 69, 65, 68, COCOA In active trading conditions forutes today reversed the recent downward treed and attracted prefit taking buyers

ACCOS

COFFEE

attributed to light spillover selling frem Mediastay's close. In the attention rede buying litted prices to the day's bighs but gains were cut into by lete profit-taking and dealer selling, reports Orexel Burnhom Lambort.

£ per tonne

1645-53+11,51650-33 1700-01+4,5 :776-1805 1764-55-2,5 :1764-66 1764-66-9,0 :1773-61 1770-75-11,51780-71 1780-35-18,01746-34 Sales: 2.015 (3,648) lots of 5 tonnes. ICS Indicator prices for May 28 (U.5. cents per pound): Other Mild Arabitas 191.67 (192.33); Robuctas 16.67 (192.33); Robuctas 16.50 (samo). Unwashed Arebicee 215.00 (215.50). Comp. daily ICA 1968 196.45 (196.81).

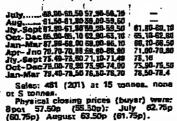
GRAINS.

LONDON GRAIN FUTURES—The market opened unchanged on barley to 5p lower. Volues eased slowly in thin volume, a little buying support standed valoes slightly, but values eased further in the atterneon session to close 10p-15p lower on wheet and 20p-30p lower on barley, reports Acti. HGCA — Locatronal ax-larm spot prices. Feed barley: S. East 91,00, S. West 92,10, W. Midlands 93,40. N. West 91,00.

N. Wost 91.00. CMPORTED-Wheat: U.S. Dork Ner. July 77. Bartey: English Feed teb. Juno 98 seller East Coast. Jone 97.25-97.00 onid East Coast. Rest oneworld.

WHEAT Sept. 93.50 -0,19 91.25 -0.20 Nov... 97.40 -0.15 \$5.20 -0.30 Jan... 101.20 -0.15 99.00 -0.20 Mar... 104.55 -0.15 102.40 -0.20 Busicess done—Wheat: Sapt. 93.80-93.55. Nov. 97.50-97.40, Jon. 101.45-101.20, March 104.85-104.65. Baies: 192 lots of 100 tonnes, Bartey: Sept. 91.45-91.15, Nov. 95.50-95.20, Jan. 99.25-99.05, March 102.40-102.30. Sales: 90 lots of 100 tonness.

RUBBER The London physical market opened steady, with good covering orders throughout the day, closing on a firm note. Lewis and Peet reported a Maleysian godown price of 282 (278 naminal) came kg (buyer, Juns).



SOYABEAN MEAL
The London market opened slightly
easier on dult trading cooditions,
mports T. G. Roddick, Prices drilbrd
lower on lock of consumer offtske and
Onlahed with losses of sround £1.00.

SUGAR

c337,00 (c362,00) a longe of for Mey-June-July shipment. White sugar darly price was c345,00 (c357,00). Commission heuse long liquidation produced on sasier tone at the opening, Sellers continued to press, which ex-

5ales: 10,741 (12,001) lots of 50 No. 4 CONTRACT-Close (in erder

No. 4 CONTRACT—Close (in erder buyor, seller only). Aug. 368.00; 369.00; Oct. 379.00; 379.50; Jan. 380.00, 383.00; March 385.50, 387.00; May. 385.00, 385.50; Aug. 380.00, 381.50; Oct. unquoted. Sales: 1,817 (1,302). Tate and Lyto ea-refinery price for grenurated basis white noger was £324.7 (same) a tonno lor-homo trade and £462.00 (£479.50) for export. International Sugar Agreement (U.S. cents per cound tob and slowed Caribbeen port). Prices for May 28: Osily price 34.30 (34.84): 15-doy average 31.58 (31.48).

**WOOL FUTURES** 

LONDON NEW ZEALAND CROSS-BREDS—Close (in order buyer, seller, business, setes). New Zealand centa per kita. May 355, 370, nil, nil; Aug. 372, 388, nil, nil; Oct. 372, 380, nil, nil; Oct. 372, 383, nil, nil; March 377, 383, nil, nil; May 377, 386, nil, nil; Aug. 377, 387, nil; mil; Oct. 377, 387, nil, nil; Seles: 15.

5eles: 15.

AYDNEY GREARY WOOL—Close (in order buyer, soller, buoineas, sollas).

Acatrolian cants per pound. July 484. S. 485.0, 485.5-483.0, 343; Oct. 474.0, 475.0, 476.0-489.0, 271; Dec. 475.5, 476.5, 478.0-470.S. 197; March 480.5, 481.0, 484.0-475.0, 102; May 479.5, 481.0, 483.0-480.0, 67; July 484.0, 485.0, 485.0-482.0, 29; Oct. 484.0, 487.0, 486.0-482.0, 17. Salos: 1,026.

PRICE CHANGES

May 25 + or Month Metalo . Aluminium . Free Mkt 

Tin Cosh,...... \$7,470 3 mths,....... £7,585 Tungsten22.040(\$148,49 60 £7,810 5140.75 Tropics - \$780-886 Oils nut (Phil. \$660. -10 5575

\_3 £355 \_2.5 \$505 reins arley Futures £95.20 French No3AM

u June. s Jone/July. 1 May-Juns. w Aug. s July z Indicator. § Buyct. ‡ Per 276-ib flask.

COTTON
LIVERPOOL—Spet and ahipmont salen amounted to 385 connes, bringing the total for the week so lar to 395 connes. Represed interest was displayed in a wide variety of styles, with Alrican and Middle Eostern qualifios predominoting. Usem gonerally showed more animation.

GRIMSBY PISH—Supply good, de, marid good, Prices at ship's add (unroccessed) per stono: Shell cod £4.50-£4.80, collings £2.60-£3.90, Largo haddock £4.50-£5.40, modition £3.30-£4.10, et al. (2.00-£2.90, Medium plaica £4.60-£5.40, best small £4.00-£4.80, Skinned deglish (lergo) £5.50, (medium) £3.00-£0.00, Largo adds.; (lergo) £5.50, (medium) £3.00-£0.00, Reds £2.20-£2.30, Saithe £2.00-£3.00, Granny Smith Isrgo (medium) £8.80, Rockfair £2.80-£3.00, Golden Oolicious 3.60-9.80, Starking Control & 51.00, Vessi £5.90, best small £4.00-£4.80, control &2.00-£3.00, Granny Smith Isrgo (medium) £8.80, Rockfair £2.80-£3.00, Golden Oolicious 3.60-9.80, Starking Colden Oolicious 3.60-9.80, Starking Colden Oolicious \$3.00-4.00, Granny Smith Isrgo (many Smith £1.90-£1.80, to 51.0, Vessi £5.91th 1sts £4.00 to 51.0, Vessi £5.91th 1sts £4.00 to 54.0, Port £5.91th small, rew sasson 64.0 to 78.0, modium 69.0 to 74.0, Imported frozen: X2 Pt 60.5 to 51.0, PM \$8.0 to \$3.5, Hoggetts £5.91sh 2.00 to \$4.0, Port £5.91th small, rew sasson 64.0 to 78.0, modium 69.0 to 74.0, Imported frozen: X2 Pt 60.5 to 51.0, PM \$8.0 to \$3.5, Hoggetts £5.91sh 2.00 to \$4.0, Port £5.91sh and of 100 to \$3.0 to \$0.0, 100-120 to \$4.0, Port £5.91sh and of 100 to \$3.0 to \$0.0, 100-120 to \$4.0, Port £5.91sh and of 100 to \$3.0 to \$0.0, 100-120 to \$4.0, Port £5.91sh and of 100 to \$3.0 to \$0.0, 100-120 to \$4.0, Port £5.91sh and \$4.0 to \$

well be revived os negotiotions with Spain become more detailed.

IN Tennes unless otherwise stated. AMERICAN MARKETS

DOW JONES May May Month Year 28 27 ago ago

INDICES

May 28 May 27 M'nth ago Year ago 268.09 207.74 875.S7 278.60

1181,71127.4 | 1113.7 | 1059.5

|December 31, 1931 = 100)

apot ... 428.00 ;437.68 417.47 581.75 Ftur : 450.20 ;445.59 424,44 585.80 (Sees: July 1, 1952-100) MOODY'S May 28 May 37 M'nth ago Year ago

REUTERS 1704.a 1714.0 1680.8 15aa.e

\_ MARKETS ....

(Asos: 9setember 18, 1931 - 100)

\$286.75 sallsr. Srazil Yollow Fag effort

### EUROPEAN

ROTTEROAM, Mey 29.
Wheet—U.B. No. 2 Red Winter July \$182, Aug. \$184. Sept. \$185. U.S. No. 2 Northorn Spring. 14 per cont, May-Jons \$195.75, Juno \$195.50, Sept. \$199.50. Rest unquoted.
Maizz—Afiost Cl41.50, Mey 5140, Juno \$137.50, July \$138. Aug. \$141. Sept. \$142.50, Oct.-Osc. \$148.50, Jon.-Merch Cl55.50. ROTTEROAM, May 29.

S.30-5.40; Outch: S.80; Canary: 5.20-6.00; Spanisb; 5.50. Petatoas—Egyption: King Edwards 3.50; Cypriot: Naw crep 20 kg 3.80; Jeteoy: Per pound 0,12-0.12; Italian: 95 lb 4.30; Volencia: 44 lb 3.00: Majorcan 44 lb 4.30-4.50; French: Oukas 5.80, Princes 4.60; Greek: 3.80. Carrots—Durch: 10 kg 4.00; American: 48 x 1 lb 8.64; Cypriot: 3.40, Bestraets —Cypriot: Naw crop. npprox. 28 lb 3.50; Italian: 2.50, Cabbages—Durch: White 2,50-2.70, Asparagus—Humandon: Per bundle 0.50. Cournettes—French: Per cound 0.30.

\$286.75 anilar. Srazil Yollow Fnq effect \$282.75. Argentina Juno \$256, July \$257, Aug. \$251. Sept. \$258. Sultere. \$258. Stillere. \$258. Sultere. \$259. Sept. \$255. Sultere. \$259. Sept. \$255. Sultere. \$259. Sept. \$255. July Sept. \$226. So, Nov. March \$224. Juno-July \$223. Aug. \$225.50. July Sept. \$226.50, Nov. March \$249. So June-July \$227. Aug. \$231. Sept. \$234. Oct. \$239. Nov. March \$249.50. PARIS. May 29. Cocce (FFr per 100 kinos)—May 980. July 1070. Sept. 1095. July 1070. Sept. 1095. July 1070. Sept. 1095. July 1070. Sept. 1100. May 1125. Soles at cell 1. Buger (Ffr per 100 kilos)—July 3360. 3430. Aug. 3485-3493, Oct. 3673-1380. Nov. \$550. Dec. 3650. March 3700. 3730. May 3730. July 3730. Soles ot cell 28.

English Produce: Poratoes—Per bag 2.00-2.20. Mushrooms—Per pound 0.65-0.90. Apples—Per pound Bremley 0.10-0.18. Strawberries—English per ½ ib 0.20-0.25. Carrots—Per bag 2.40. Cabbages—Per bag 1.40. Cauliflowers—Per 12s English 2.40-4.40. Cacumbers—Trays 1072bs 2.20-2.80. Tomatoes—Per 12 ib 3.80-4.20. Lettuce—Per pound round 0.70-0.80. Rhuberts—Ser-Fer 12 ib 3.80-4.20. Lettuce—Per pound reund 0.70-0.80. Rhuberb—Per pound ourdoor 0.05 Cefiens—Per bag 5.80-8.00. Sestmoots—Per bag: tound 1.80, lone 2.50. Celery—English 12/20s 4.20-4.89. Asparagus—Per pound 0.80-1.00,



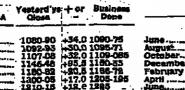
AGRICULTURAL SECURITIES CORPORATION LIMITED 6% Debenture Stock 1978-81 6% Debenture Stock 1978-81 Notice is hereby given that the Registers of the Corporation's obove mantioned obseques stock will be closed for Transfer and Registration from 17-30 June, 1900, both days arra.

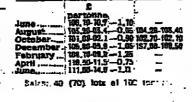
By order of the board.

H. G. McTURK.

Secretary.

who were present throughout a day which saw a close £30 above that of





# Equity leaders steadier following pleasing results from Courtaulds and Beecham-Gilts trade quietly

Options

\*First Declara- Last Account this morning. Switching operations Dealings Day

May 12 May 28 May 30 June 9 trade at the longer end of tha Dealings tions Dealings Day May 12 May 28 May 30 June 9 June 2 June 12 June 13 June 23 June 24 June 16 June 26 June 27 July 7

"New time" dealings may take place from 9 am two business days

Preliminary profits in excess of market estimates from Courtaulds and then Beecham restored a little confidence to leading equities as they neared the end of a rather depressing long holiday trading Account yesterday. Repeated warnings from top-name companies and economic forecasting groups have discouraged investment interest recently and, prior to yesterday, the equity sectors had displayed dullness for oine consecutive

Limited bear covering early yesterday was responsible for leading industrials trending a shade firmer, but the market acon hegan to look raggad in the absence of any genuine interest. Boosted by the Courtanids and Reecham statements, however, jobbers marked prices a few pence higher and, although trading was extremely slow, most quotations held at around the enhanced levels. Measuring the hetter tone, the F.T. 30-share index ended 1.2 up at 417.8, after showing a loss of 0.7 at the noon calculation.

For remaining equities, it was another quiet day, but relief from the prevailing tedium was provided by a steady stream of company trading statements. Among the aectors Oils became a little more lively, interest here being generated by Lasmo following the chairman's reassuring statement on Ninian following chairman's production estimates and Carless Capel and Candecca after the Humbly Grove drilling report. Recent high fliers in Electricals such as Farnell and Electrocomponents came under renewed selling pressure, while Mail Orders were adversely affected by the chairman of Freeman's gloomy statement about trading

Brokers' predictions that a cut in MLR is unlikely before late-September or early-October and a fresh reaction in sterling following yesterday's sharp recovery in the dollar, combined to deter investment interest in British Funds. The shorts, however, male modest headway with sentiment helped by reports of still declining U.S. Prime Rates. Despite 2 small volume

market but the tendency was a shade easier. Chaap huyers began operating after the official

The two new water Preference issues of identical coupon and maturity. Folkestone and District and North Surrey, made quiet debuts and closed at 12; in £10-paid form.

were occasionally recovared.

a £10-paid form.

The introduction of two new series failed to increase demand for Traded options. A total of 497 deala ware completed, of which 128 were done in Conrtants following the preli-minary statament.

Conditions In the Banking sector were extremely quiet with movements generally limited to a few pence either way. Discounts were imdecided with Alexanders closing 3 up at 248p and Union 5 higher at 455p. Allen Harvey and Ross ended 5 lower at 355p. In merchant banks, Henry Ansbacher softened a fraction to 15ip following the results, but Minster Assets held firm at 41p awaiting today's preliminary statement. Fading hopes of an early cut in interest rates prompted duliness in Hire Purchases. Wagon Finance dipped 2 to 43p and FNFC gave Finance up 11 to 171p.

Once again, the trend in Insurances was to lower level.
Comment on the first-quarter to lose the previous day's rise of 2. General Accident dipped 4 to 240p along with GRE, at 250p. Among Lloyds brokers, Stewart Wrightson came on offer at 195p.

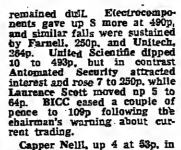
Under pressure earlier in the

week, Greenall Whitley, 185p, rallied to close 7 better on the day following the pleasing first statement on current trading half results. Other Breweries prompted weakness in Freemans displayed an irregular Allied attracted interest and gained a couple of pence to 76p, but Bass remained unsettled by the alightly disappoloting mid-term perfor-mance and shed 3 for 2 two-day loss of 8 at 214p. Among regional issues, Vaux eased 3 to 155p, hut Buckley's picked up a penny to 47p on the annual figures. Reduced full-year earnings failed to upset Youngs, unchanged at 165p, while scattered support was evident for Castletown, 5 higher at 410p. Adverse Press comment clipped 3 from Distillers, 187p. but Highland added that much at 132p.

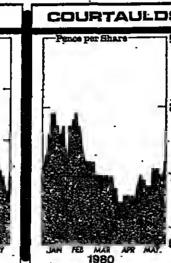
dropped 11 to 41p awaiting news of the annual meeting, while Brown and Jackson gave up 10 more for a two-day fall of 20 to 128p following Press comment on the proposed £3.8m cash call. Edward Jones (Contractors) were unmoved at 13½p despite the reduced annual deficit. In Timhers, Montague L. Meyer added 4 at 91p.

ICI hardened a couple of pence to 352p, after 354p, on end-Account technical influences. tional Paint replied to the good preliminary results with a gain of 4 to 67p and Coalite improved

BEECHAM



response to hetter-than-expected results, helped relieve some of the gloom currently enguling



2 to 104p on better-than-expected preliminary profit. Brent, however, remained overshadowed by the chairman's cautious emarks about current trading and lost 6 for a two-day fall of

1980

10 to 132p.
The chairman's discouraging (London SW9), 8 lower at 112p, and many other Mail-order concerns. Empire gave up 4 at 140p, while Grattan shed a couple of pence to 50p. In secondary Stores, Harris Queensway lacked support and finished another 3 cheaper at 156p. Similarly, Lee Cooper fell 12 to 203p, while Polly Peck met with further profit taking and eased 3 for a three-day fall of 8 to 49p. Mess Bros, declined a few pence more to 235p, but huyers came for Wilkinson Warburton, 4 up at 52p, and Cope Sportswear added a penny at 22p awalting today's

of husiness, closing improve hut Highland added that much meets here ranged to 1 with Exchequer 3 per cent 1984 among Buildings, UBM firmed recovering that much to £73; applications for the new low-coupon Treasury 3 per cent 1985 Travis and Arnold remained issue were allotted in full at the current friendless and shed 10 further to lative issues, on the other hand,

the engineering sector. Babcock International, however, fell 4 COURTAULDS

still sonred by the Board's recent forecast of substantially lower half-year profits. Bullough 148p, and Vesper, 140p, declined

Comment on the previous day's intarim results clipped 4 from Tate and Lyle, 122p. Other casualties among Foods included Robertson, 117p, and Associated Fisheries, 59p, which lost 7 and 3 respectively as recent speculative support ceased.

Beecham stood out among the otherwise lethargic miscellaneous industrial leaders with a rise of 5 to 113p, after 114p, following better-than-expected preliminary profits. Unilever rose 7 to 417p but Reed International aased 3 to 170p; the latter's annual figures are due next Tuesday. Elsewhere, Thomson T-Line Caravans inmped 12 more for a two-day rise of 15 to 80p in further response to the retir-ing chairman's proposal that his, and his family's shares, representing 60 per cent of the capital, be sold by the group's

their stake in the company to nearly 10 per cent belped arrest the recent decline in Alpine Holdings which closed 4 hetter at 62p. Despite lower profits, Sangers rose 5 to 56p. ICL's halfyear figurea were at first demand disappointing and the shares eased to 124p but a later re-appraisal induced a rally which left a close of 130p, a net improvement of a penny. Still reflecting the Board's warning that the property of the state of that its prospectus forecast will now be difficult to achieve. Spring Grove Securities eased 3 more making a two-day relapse of 141 at 81p. Sketchely, due to anoonnce preliminary figures on

pathy. Comment on the disappointing profits prompted a fresh reaction of 13 to 295p in Alfred Donhill. Coral Leisure reverted from 62p to the overnight level of 59p following the chairman's cautions remarks at the annual

Among advertising issues, Brunning were marked 8 lower at 35p on the annual profits set hack; the Restricted voting closed 3 down at 33p. Elsewhere, Bemrose eased 2 to 39p in helated response to the chairanoual meeting, but Chapman (Balham) firmed 2 to 87p awaiting today's preliminary figures. Properties continued lower on

small selling in the absence of support, Land Securities losing A to 330p and MEPC 3 to 202p.

Property Security Investment dipped 11 to 175p following the withdrawal of a recent huyer. Interest in Oils centred around
Lasmo which became active and touched 658p before settling at 653p for a net gain of 23 after the chairman's reassuring statement about recent production estimates for the Ninian oil field at the annual general meeting. Premier added 31 to 91p, after 92p, in sympathy, while Cawoods, which holds a 12.5 per cent stake io the Lasmo, rose 6 to 188p. In aharp contrast, onshore explorers, Carless Capel, 128p, and Candecca, 138p, gave up 4 and 6 respectively despite the latest Humbly Grove drilling report which indicated that the

well was capable of producing commercial quantities. Other Oils tended to soften with British Petroleum easing 6 to 332p. Shell, however, held at 374p. hut Tricentrol, and Ultramar hoth lost 4 to the common price of 338p. International meat traders, Thomas Borthwick, fell 6 to 36p

on the first-half loss and divi-dend omission. Elsewhere in Overseas Traders, Warren Planfinancial advisars, Kleinwort tatlous gained the turn to 175p Benson. News that James following the increased profits

excess of market estimates and relief over the maintained dividend generated a good husiness in Courtaulds which closed 3 up Naws of increasing civil unrest in South Africa, hringing back memories of the Soweto riots and the Steva Biko affair

South African shares in 1976 Golds and South African Finan-cials. The \$5 declina in the hullion price to \$518.50 an ounce was a further, although much less significant, influence on the Tuesday, fell 6 to 244p in sym-The market held steady for

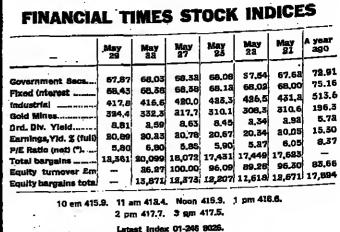
most of the afternoon but fell further in the after-hour's trade following American offerings. The Gold Mines index registered a 7.9 fall to 324.4. Among tha heavyweights, Randfontem were particularly weak and dropped almost £3 to £26]. South African Financials regis-tered widespread falls. Gold

Flelds of South Africa dipped a point to £34. "Amgotd" i to £35 and Anglo American Corporation Nervousness over the South

African civil unrest upset Platinums where Impala gava up 14 to 260p and Rustenburg 10 to 200p. Energy stocks continued to

dominate activity in Australians.
Strata Oil met with heavy
speculative demand for the
third consecutive day and jumped 7 more to 31p—com-pared with 10p on Tuesday morning—still reflecting tha gas find in the Perth Basin of Western Australia. Haoma Gold and Alcan 10te North West, which holds 16.8 City law. per cent and 25 per cent respectively in Strata, both improved io sympathy. Haoma advanced 8 to 70p and North

West 4 to 60p. The Rundle twins responded to favourable Press mention. Central Pacific added nearly a point to a 1980 highh of £29, while Southern Pacific put on a



Letest Index 01-246 9026.

\*Nil=6.44. Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord,

HIGHS AND LOWS S.E. ACTIVITY												
	19	180	Since Co	mpilat'n		May 29	May 28					
	High	Low	NIgh	Low	Daily							
Govt. Secs.	69,26	63.85 (7/3)	127.4	49, 18  6/1/75	Gift Edged Industrials Speculative.	99.7 106,0 27,2 71,9	116.5 108,0 38.9 75.5					
Fixed (nt	69.81	64.70 (10/4)	150.4	20.02	Totals	, , , ,						
Ind. Ord	478.8	406,9 (3/1)	558.8  4/5/79}	49.4 (26/8/40)	5-day Av;ge. Gift Edged	108.9	.112.2					
Gold Mines	577.9 (29/2)	265.5 (10/6)	442.3 (22/5/75)	48.8 (29/10 71)	Industriale Speculative. Totals	108.1 38.4 74.6	112.7 109.7 33.8 76.8					

**NEW HIGHS AND** LOWS FOR 1980

NEW HIGHS (26)

Excher. Signc 1901 Finds (2)
Excher. Signc 1901 Finds. Signc 1982
CORPORATION LOANS (1)
Lon. CDs. 9ignc 184-85
COMPREALTH & AFRICAN LOANS (1)
5. Atrica 9ignc 79-81
LOANS (1) Alcan 10 teps: 199-94 AMERICANS (21 AMERICANS (21 Richardson Mulliplings (1) Note Brick Hoechst 10pc Ged. Urs. Ln. 1990

Menzies (J.)

ELECTRICALS II)

Laurence Scott FDODS (1) INOUSTRIALS (4) rs Harris Lep Gro LEISURE (1) Assoc Sprayers Scottleb TV A PROPERTY II) -

Vol.

18

17

469p

72p

852p

532p

369p

LONDON TRADED OPTIONS

Dct.

Vol.

Central Pacific Haoma Gold	North West M Southern Pacifi
NEW	LOWS (89)
Distillers	Tomatia LDINGS (5)
Brows & Jackson Gibbs & Dandy Monk (A.I	Mowlem (1.) Richards Walli Roberts Adland
British Benzol	Hickson & Wei
B & Q (Retail)	Grattaa Wareh Home Charm
Froemans (London ELEC Audiotronic 12pc	TRICALS (2) Oale Elec.
Pto. Prf. ENGII	NEERING (23)
Adwest Alcan Alu, (UK) Babcock (nt.	Mitchell Some Newmaa Tonks
Brit. Alominiom Bullough Carcle	Pegler-Hatteral Priest (Ben.) Renold
Cartwright (R.) Castings Cooper Inds.	Stothert & Pitt Triplex Foundr Wolseley Hugh Wood (S W.)
Delta Metal	000\$ (71
Sloebird Confectly Carr's Milling Chambers & Farm	Hintos (A.)
Booker McConnell	STRIALS (19) Letresot Nash (J. F.)
Bridge Brooks Watson Cariton lad.	Pentos Do. Defd. Photo-Me
Centreway Chobb Donbill (Alfred)	Redfeara Nat.
Hobbaro & Job	Turner & New Wedgwood

MOTORS (5) NEWSPAPERS (11 Collias I Will

Do. Res. Vt/s. SHOES (1) Scott (David)

Scott (David)

EXTILES [3]

Blackwood Morton Shaw & Martin

Martin (A)

OVERSEAS TRADERS (2)

Bertstord IS. & W.) Borthwick (Thos.)

MINES (3)

Cacasaction Barymin

RISES AND FALLS YESTERDAY

	694	1,422
54	35	56
26	79	50
5	1	20
10	24	16
46	138	318
141	356	898
9		47
	141 46 10 S	9 10 141 356 46 138 10 24 5 1 26 79 54 35

## FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS	Th	iurs.,	May 2	29, 19	80	Wed., May 28	May 27	FrL, May 23	Thurs., May 22	Yea ago (appro
Figu	& SUB-SECTIONS  res in parentheses show number of stocks per section	Index No.	Day's Change	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Index No.	Index No.	Index No.	Indéx No.	Inde:
1]	CAPITAL 60 005(172)	224.08	-0.2	19.55	7.15	634	224.44	226.99	228.77	232.94	265.9
2	Building Materials (2B)	223.59	+0.2	19.23	7.28	6.42	223.12	225.33	225.62	229.43	249.0
3 [	Contracting, Construction(27)		a.0-	27.35	7.12	439	341.72	3/3.58	343.54	548.31	402.3
4	Electricals (361	587.81	+0.1	14.25	4.29	911	587.43	5%.95	606.88	618.06	642
5	Engineering Contractors (11)		-03	25.60	9.74	4.90	266.96	268.31	270.22	Z72.14	397
6	Mechanical Engineering (741	149.59	-0.4	21.65	8.76	5.65	150.22	151.76	152.50	155.66	196.7
8	Metals and Metal Forming(16) CONSUMER 6000S	148.10	-0.5	23.27	11.03	5.19	148.90	150.23	151.29	154.54	130.7
1 [	(DURABLE) (49)	201.50	-0.3	16.25	6.32	7.54	- 202.12	203.60	206.39	209.84	246.
2	Lt. Electronics, Radio, TVI141	290.65	-0.4	12.57	4.60	10.18	291.95	293.58	298.32	303.86	333.
3	Household Goods (14)	95.54	-10	30.93	31.18	3.81	96.55	97.58	98.06	98.71	173
4	Motors and Distributors (21) CONSUMER GOODS	96.92	+03	23.65	10.18	4.92	96.67	97.80	98.62	99.96	127.9
1	(NON DURABLES) (172)	209.79	-0.2	19.63	7.54	6.17	210.17	211.89	213.62	214.11	248.
2	Breweries (14)	267.41	-	16.90	6.75	6.95	267.44	270.32	271.18	270.07	285
3	Wines and Spirits (5)	28370	-1.0	19.34	6.63	6.37	284.62	287.72	291.48	290.48	308
4	Entertainment, Catering 117)	292.92	-0.4	19.25	7.42	6.41	294.20	294.50	294.43 189.02	292.11	334
5 [	Food Manufacturers(21)	186.56	+0.3	21.06 14.78	7.89 5.30	5.57 8.00	186.02 293.15	187.35 295.83	297.94	129.66 300.75	223. 303.
6	Food Retailing 13)	292.10	-0.3	23.22	7.14	5.82	410.88	413.17	416.81	419.24	459
2	Newspapers, Publishing (131	122.29	-05	26.55	9.57	4.59	122.88	123.94	126.68	127.12	145
3	Packaging and Paper (15)	205.27	-05	15.06	6.00	8.55	206.21	208.24	209.97	Z10.86	251
4	Stores (42) Textiles (24)	124.26	+11	27.68	12.42	454	122.85	123.20	124.39	125.12	180.
5	Tobaccos (3)	196.01	-	31.21	11.81	3.63	196.01	197.69	199.67	201.16	248
7	Toys and Games(5)	26.31	-0.3	46.55	18.44	2.55	25,40	25.44	25.77	27.47	77.
í I	OTHER 6ROUPS (99)	195.47	+0.4	18.60	7.65	6.38	194.64	195.82	198.28	200.18	215
2	Chemicals (16)		+0.2	21.70	8.33	5.28	288.27	288.68	294.71	297.35	303.0
3	Pharmaceutical Products (7)		+25	14.01	7.45	8.66	175.38	177.32	178.28	189.92	233.
4	Office Equipment (6)	100.04	-0.4	21.77	8.29	5.25	100.47	101.39	103.29	104.34	129
s I	Shinoing (10)	496.85	+0.2	14.24	7.11	8.58	495.62	496.18	495.69	499.73	472
6 (	M(scellaneous (60)	239.94	-	17.90	7.10	6.87	240.02	242.11	244.34	246.37	256
91	INDUSTRIAL 6ROUP (492)	216.07	_	19.12	7.38	6.35	216.15	217.97	220.05	222.06	252.
1.	Otts 18)	742.60	-1.0	31.07	6.94	3.55	75013	758.54	753.85	750.14	647.
<del>5  </del>		257,61	-0.2	21.71	7.28	5.42	258.25	250.58	252.17	263.77	284
H	FINANGIAL GROUP (118)	196.70	-0.7	-	6.27	_	198.12	199.16	199.38	199.10	201
2		205.88	+0.2	47.56	7.48	2.58	205.55	206.95	218.48	209.79	242
3	Banks(61 Discount Houses (10)	261,13	+0.3	-	7.44	_	260.35	261.41	258.93	253.09	241
4	Hire Purchase (5)	198.15	-6.2	16.58	5.01	7.83	198.60	198.60	199.41	199.26	194.
šΙ	Insurance (Life) (101	184.46	-1.2	l — .	6.90	=	186.76	185.44	180.57	180.24	164.9
6	Insurance (Composite 119)	124.35	-1.0		8,65		125.58	126.30	125.81	125.54	137.1
7	)nsurance Brokers (10)	294.04	-0.5	16.04	7.21	8.66	295.51	297.40	294,12	294.17	294.
8	Merchant Banks (141	106.37	-0.9		5.75		107.34	107.92	106.95	107.88	101.3
9	Property 145)	387.79	-11	3.61	2.84	39.48	392.12	396.20	398.39	398.25	356.0
0	Miscellaneous 19)	121.24	-1.2	20.59	7.43	6.18	128.74 217.06	125.36	129.41	228.04	127.
1	(nvestment 7rusts (109)	216.98	=	14.26	6.30 5.29	8.50	185.44	217.54 182.47	227.47 178.83	180.19	223.0 138.3
1	Mining Finance (4)	264.30	-04	13.82	7.42	8.86	366.74	370.79	37176	373.96	363.6
計	Oversess Traders (19) ALL-SHARE INDEX(750)	243.56	-03	15.02	6.99		244.35				261.2
	FIXED INTEREST PRICE			T	FIX	CET INT		1.	Thurs.,	Wed.,	Year

	FIXED INT	EREST F	RICE IN	DIÇES			Y	INTEREST PIELOS PL Ar. Gross Red.	Thurs., May 29	Wed., May 28	Year ago (approx.)
	British Government	Thurs., 'May 29	Day's change	xtl adi.	ord arti. 1980 to date	1 2 3	Low . Coupons	5 years	17.18 12.11 12.10.	12.22 12.12 12.12	9.81 10.78 11.25
1 2	Under5 years	103.96 -109.20	+0.12	-	4.02	4 5 6	Medium Coupous	5 years	13.99 13.79 13.65	13.98 13.75 13.62	11.40 11.94 12.11
3	Over 15 years	113.16	-0.37 -0.47	<u> </u>	4.81	7 8 9	High Coupous	5 years 15 years 25 years	14.12 14.13 14.63	· 14.12 14.10 14.00	11.72 12.33 12.30
5_	All stocks	108.45	0.07	<u> </u>	4.34	10	Irredeemab		11.31	11.25	17.08
			Ŀ	Thur., Ma	y 29 W	ed.		Pri. Thur. Wes	. Tues		Year

		index No.	Yield	May 28	May 27	May 23	May 22	May 21	May 20	May 18	le ppr
15	20-yr. Red. Deh & Loans (15)	51.42	†14.39	51,38	61.27	81,31	51,29	51,28	51,29	51,29	60.3
16	Investment Trost Prefs. (15)	47.68	14,17	47.82	47.64	47.64	47.54	47,64	47,64	47,64	52.5
17	Coml. and Indl. Prefs. (20)	61.80	14,50	61,97	61.87	61.87	61.77	61,74	61,74	61,82	74.2

**ACTIVE STOCKS** No.

Denomina- of Closing Change 1980

tion marks price (n) and av high

2000	LUULL	marks	Drice (b)	on day	щац	IOM.
LASMO	25p	11	653	+23	665	337
RTZ	25p	8	368	+ 3	485	327
Shell Transport	25p	8	374	_	410	314
South. Pacific Pet.	50cts	8	£11}	+ ;	£114	575
Carless Capel	10p	7	129	<b>— 4</b>	158	75
Courtzulds	25p	7	72	+ 3	79	64
ICI	£1	7	352	+ 2	402	348
Premier Cons	5p	7	91	+ 31	98	391
Bass	25p	6	214 .	- 3	238	188
BAT Inds	25p	6	233	_	271	223
Lee Cooper	25p	6	203	-12	300	203
Marks & Spencer	25p	6	85	_	96	77
Uoilever	25p	6	417	+ 7	480	358
EPC	25p	4	17	_	361	16
Beecham	25p	4	113	+ 5	134	108
	-					

### **OPTIONS** Charterhall, Melody Bills,

DEALING DATES For rate indications see end of Share Information Service.

Pirst Last For Deal Declara Settleing iog tion ment
May 19 Jun. 6 Aug. 28 Sept. 8
Jun. 9 Jun. 20 Sept. 11 Sept. 22
Jun. 23 Jul. 4 Sept. 25 Oct. 6

Puls were arranged in Bowater.
Puls were arranged in Bowater.

Associated Dalles GKN. or rate indications see end of Associated Dairies, GKN, Share information Service. Distillers, Fairline Boats, Stocks (avoured for the call Premier Oll, Robert Kitchen included British Land. Viking Taylor and Northern Engineer-Resources. Coral Leisure, KCA, ing, while doubles were trans-Montague L. Meyer, LRC, acted in Fodons and FNFC.

### RECENT ISSUES

### EOUITIES

F.P 180 '135 '11Homerdon Mng. 10c 135  -5   -   -	Issue Price p:	Amount Pard Up	Renusio. Data		980 Low	Stock	Prior	Amount Oovered Grass	0542
F.P 305 290 Lienel Corp 50.10 290 -5 915e - 2.3 - 25 F.P. 27 6 91 82 Oakwood Group 82 -1 66.5 2.411.3 5	55 83	F.P. F.P. F.P.	20 <sub>6</sub>	180 80 305	135 74 290 82	Homerdon Mng. 10c 1 Home Farm Prode 10p Lional Corp St. 10	35 77 90 82	1 1 1 1 1 1 1 1	5

### **FIXED INTEREST STOCKS**

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100p F.P. 110 15 F.P. 3 15 F.P. 3 17 F.P. 3 17 F.P. 3	- 101 98 - 12* 12 0.5 1106 93 96 106 100 0-3 102 100 7,6 104 101 - 12* 12	m Automated Sec. 22 Cnv. Una. Ln. '95 Edwards /LC.182 Conv. Red, Cum. Pre Falkstone & District Water 18pc Prof '12 k-Imp. Cent. Sas #2 Conv. Loan. 1885-1840 it-Mid Southern 107 Red Pri. 1385 19 North Srit. Props. 5/87 Cov. Una. Ln. 1891 North Surray Water 18pc Pref. 1383 Norwest Hoist 111% Red Cum Prof 1986	125 <sub>8</sub> 107 103 102 8 103 125 <sub>8</sub>	-19
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3	. ≰ <b>₽</b>	•		High	Low		25 td	!-
30 8 47 0 9 8 c4 0 8 0	NA NA NA F.P. NA F.P. NA F.P.	29:5 30:5 11:6 16:5 30:6 25:4 3:5 9:5 14:5	20/6 25/7 15/6 18/7 25/5 18/7 27/6 27/6 15/6	1812 913pm 31 47 70 13pm 435pm 75	27 441 <sub>2</sub> 68 8pm 190pm 67 194 68	Brent Chemicas Ciliford'e Dajries 'A' East Rand Cons Eleca First Caslle Seca Hawley Lessuro Howard Tenens Linfood Pansontinental Rugby Portland Cement Unitech Unitech United Biscuits Walmougha	8pm 28 44 la	-9 -5 -11 <sub>2</sub> +1 +1 +1 +5 -9 -(
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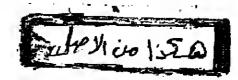
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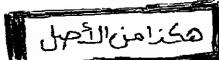
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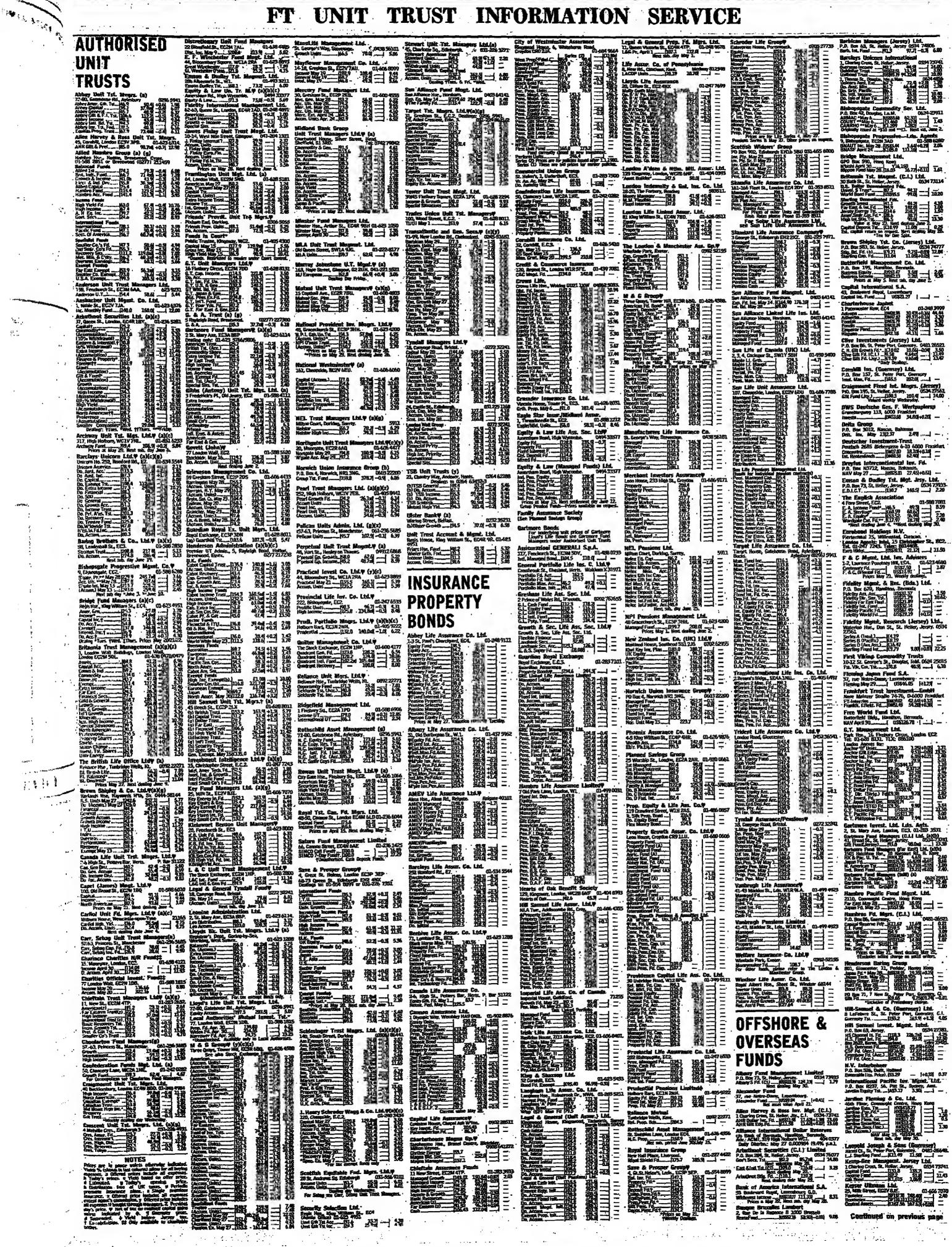
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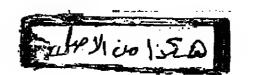
### SHARE INFORMATION **SERVICE**

	LOANS—Continued									
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BRITISH FUNDS    1980	98 952 FFI 13cc 1981 991 1123 15.68 998 99.7 10c. 140c 83 97.2 14.14 15.2 15.68 97.2 77.2 FFI (W. P. P. S. L. S.									
727, 978 [Irssary 3ept 197-8]. 225	FOREIGN BONDS & RAILS  1990   Stack									
81% 7652 Fueding Spac 32-84tt 81% 44% 6.70 12.06 928; 874, Exch. 114gt 1984 975.4 694 Exch. 3pt 1984 975.4 694 Exch. 3pt 1984 98 Treasury 15pt 1985 1044 98 Treasury 15pt 1985 1044 98 Treasury 15pt 1985 1045 Five to Fifteen Years	33 30 Do 6pc Mined Ass. 30 — 4 6.73 553 51 Hung, 724 Ass. 52 — 530 66 90 Iceland 6pc 83-88 57 +2 74 Aso 792 71 Ireland 7-3pc 81-83 744 +2 94 1A-15 235 200 Ingran 4pc 10 Ass 62 12 +5 69 56 Oo 6pc 83-88 152 195 155 155 Peru Ass. 5pc — 155 Peru									
975, 90%   Zxch. 124gc 1985   847, -15   2.99   13.65   874, 776, Treasny 81-gc 84.85tt.   877, -15   10.10   12.27   10.25   776, 778, Treasny 81-gc 85.85tt.   877, -15   13.65   13.88   775, 776, 778, Treasny 78-gc 85.85tt.   774, -15   13.65   13.88   13.65   13.85   13.65   13.85   13.65   13.85   13.65   13.85   13.65   13.	272   163   ASA									
Over Fifteen Years  311, 134, Exch. 10-act 1925	107   7810 Criticorp 54									
913. 635. 2 cct. 12pt 1998	235; 174; Rep. N.Y. Gorp. 55									
374, 322, Conv. 5-30; 61 AH. 234, 12.33	\$25   223   Shell Ol 31   257   279   258   25									
\$\frac{33}{34}\$   \$\frac{32}{54}\$   \$\frac{111}{12} \text{c}   \$\frac{1925}{92}\$   \$\frac{90}{92}\$   \$\frac{12.52}{92}\$   \$\frac{14.16}{92}\$   \$\frac{92}{92}\$   \$\frac{11.25}{92}\$   \$\frac{14.26}{92}\$   \$\frac{13.25}{92}\$   \$\frac{14.26}{92}\$   \$\frac{13.25}{92}\$   \$\frac{14.26}{92}\$   \$\frac{13.25}{92}\$   \$\frac{14.26}{92}\$   \$\frac{13.25}{92}\$   \$\frac{13.25}{92}\$   \$\frac{13.25}{92}\$   \$\frac{13.25}{92}\$   \$\frac{13.25}{92}\$   \$\frac{14.26}{92}\$   \$\frac{12.26}{92}\$   \$\frac{14.26}{92}\$   \$\frac{12.26}{92}\$   \$\frac{12.26}{92}\$   \$\frac{13.26}{92}\$   \$\frac{13.26}{92	10.7 865p Bk, Montreal \$2									
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# FINANCIALTIMES

Friday May 30 1980



# quality beside the A32

BY RAY DAFTER

THE UK has a new commeroll-field—at Humbly Grove Farm, next to the A32 road near Basingstoke, Hamp-

Carless, Capel and Leonard, which bas been leading an mil-exploration group in initial drilling on the site, said yes-terday that the first well was capable of producing commercial quantities of oil.

It is expected that after further testing. Carless will install a "nodding-donkey" production unit this summer. Carless said that during tests. oil flowed from the main producing zone of the reservoir at rates of between 50 and 100 barrels a day.

But it was not possible to say at this stage how quickly the oil would flow during commercial production. Nor could the size of the field be

Cartess and its partners plan to drill a second well on the site. Meanwhile, the rig which made the discovery is being released from Humbly this weekend. Carless will then lead an exploration venture on another new inland site, at Yarnbury, Salisbury Plain. Wiltshire.

So far an estimated £600,000 has been invested by the Carless group at Humbly, where the discovery well was sunk to a depth of about fi,000 feet. Interests in the



production licence (number 116b) are Carless (28.125 per cent); Matinex Petroleum (28.125 per cent); Cambrian Exploration, part of the Candecca Group (25 per cent); and Hadson Oil UK Onshore (18.75 per cent).

According to industry reports, the Humbly Grove oil of premlum quality—a light crude with low sulphur

Abont 20 onsbore oil and gas-fields bave been identified. most in the Midlands, Hampshire and Dorset. According in Wood, Mackenzie, stocktotal reserves brokers. delineated so far onsbore amount to only 30m to 35m barrels-less than all but the smallest of North Sea fields.

The biggest onsbore discovery is the British Gas/ British Petroleum group's Wytch Farm Field, Dorset, about 60 miles from Humbly Grove. This field is expected to boost UK onshore-oil production levels to about 20,000 b/d by the mid-1980s as against the present levet from all landward fields of

Continued from Page 1

### Laggers

tractors at the £500m Milford Haven oil termioal extension. where companies employing laggers have refused to tender because the main contractors and clients will not agree to open ended bonuses.

has made losses in four of the last six years, culminating in a record £2.8m loss last year on turnover of £102m. This attitude is likely to spread to other sites. It presents the GMWU with a threat of losing work traditionally done by its members. At the same time Mr. David

Basnett, the union's general secretary, and Mr. Frank Earl. its national officer, are under strong pressure to escalate the action. Mr. Earl, who attended vesterday's delegate meeting, said there were many calls for immediate strikes.

Mr. Baldwin bas written to Mr. Len Murray, general secretary of the TUC, proposing that the TUC, the CEGB, the main aite contractors, and the unions. sign a single site agreement for the Isle of Grain with a com-mon bonus syslem. The original 27 GMWU laggers could return | Thus, the scene was set for to work with the replacement

The proposal was unlikely to evening, spurred by growing find favour with the GMWU, fear of but he was anxious to show that the craft unions were prepared to attend a meeting on reasonable terms; he said.

Mr. Earl said after the delegate meeting: "We have committed two crimes. We have defended our members' wages and we are determined to stop other unions from doing our jobs. If these are crimes then I plead guilty."

# Premium Nurses told: 'No more money'

BY PAULINE CLARK, LABOUR STAFF

midwives were told yesterday by Mrs. Margarat Thatcher. the Prime Minister, that there would be no improvement on their 14 per cent pay offer.

In spite of warnings that union leaders may call for in-dustrial action Mrs. Thatcher told a deputation of nurses' leaders that the Government bad more than honoured its pledges to nurses.

Unions, including moderate Royal College of Nursing, swiftly responded with talk of industrial action. It has been described as the most serious crisis in the profession since the demonstrations over

pay in 1973.

The unions had requested a meeting with Mrs. Thatcher in an attempt to persuade the Government to allow a pay increase this year above the

BY RAY DAFTER, ENERGY EDITOR

RISING FUEL prices. lower

economic activity and increased

conservation effort by industry

and the general public have caused a 6.6 per cent fall in

UK energy consumption in the first quarter of this year com-pared with the same period last

Energy Department figures issued yesterday show consump-

tion of oil products fell 14.4 per

corrected energy demand, on a primary fuel input basis, was at

an annual rate of 192m tonnes

of oil or oil equivalent. 7.2 per

cent below the level in March 1979 and the lowest for five

other refined oll products.

try's switch to coal, the steel strike and depressed industrial

CORAL Leisure Group is about

lo sell control of its hotel busi-

ness to a foreign company in a

deal which would enable it to

cuts its borrowings while faced with the possible loss of its

Profits last year totalled more

than £11m before tax and in-

terest payments, but Coral's four London casino licences are

now under threat following

objections by the police and the

As a result. Mr Nicholas Coral, the chairman, told the

annual meeting yesterday that

the group intended to reduce its borrowings by selling off

Talks on the sale af Centre

Hotels, bought by Coral for more than £16m three years

ago, were now at an advanced

the 100-year-old manufacturer of photographic film, have been

told that the company's finan-

cial aituation has been deteriorating for some time, and

that urgent remedial action will

The company was bought in 1969 by the Swiss chemical group. Ciba, now Ciba-Geigy. It has made losses in four of the

In London, Ciha-Geigy said

urgently examining the viability Britain.

the Ilford management was

of all segments of the business.

and the detailed analysis would

Continued from Page 1

of close to £1.4bn by £990m.

tough negotiations which were

expected to last well into the

These include: • Unilateral

Implementation from June 1 of

sequences of failure.

the possible con-

be announced by mid-June.

casino profits.

Gaming Board.

some of its assets.

Although petrol demand con-

Marcb

temperature-

BRITAIN'S 490,000 nurses and baalth service cash limits. of pay talks with management on Tuesday when unions said they were no longer prepared to negotiate within the 14 per cent ceiling because of the recent 18.7 per cent inflation award to

> Union leaders will consider various forms of industrial action when they meet on June 10 to discuss Mrs. Thatcher's

Any action considered, however, is expected to focus on methods of disrupting hospital administration to avoid affecting care of patients.

Mr. David Williams. assistant

general secretary of the Con-federation of Health Service Employees (COHSE) said after the meeting: "It brings indus-trial action that much closer." He said Mrs. Thatcher had

UK ENERGY CONSUMPTION

conditions. Mild weather and

In the same period.

Mr. John Moore, the Junior

Coral to sell control of hotels

of restaurants in London.

serious talks.

stage. But the deal would nol include the Old Kentucky chain

The problems in this area beinclude the Old Kentucky chain gan last November with a police

THE 3,500 employees of liford, be completed in the next few

1980 payments to Brussels of the budget row, or possibly dis-£1.16bn by around £830m and rupted by the UK if the other

the anticipated 1981 budget bill eight refuse to negotiate there;

farm price increases by France

—a move opposed by the other
eight because it would shatter

Despite
a reportedly
negotiating atmosphere among the Foreign Minis

the solidarity of the Common Agricultural Policy, the very cornorstone of the Community;

The prospect of a third EEC bourg of an offer judged summit—this time in Venice in generous by the other eight was

mid-June-being dominated by clearly evident from the early

Ilford to act over losses

Although declining to identify

the buyer, be sald after the

meeting that il was not a

British group. Bass, the brewing and hotel group, had shown an

interest, but there bad been no

and four in Amsterdam-contri-

buted only £2.6m of last year's

total group trading profits of

£33m, Their combined value is

Coral would remain a minority

shareholder with the controlling

company taking over the man-agement. This would provide

reduce its high borrowings.

Coral with at least £20m to belp

Mr Coral said the board would

take all proper steps" to de-

fend the group's casino licences.

weeks. The company expected

that proposals for action would

be ready for discussion with

employees and uniona in mid-

Ilford and Basildon in Essex, and at Mobberley, Chesbire.

pany's difficulties. More than balf its sales are made outside

Ciba-Geigy said Ilford bad dis-

Struggle to meet UK demands

• Possible paralysis by late

summer of the Community's

financial operations because il

is still operating with an agreed

1980 budget. Britain will try to

block any attempt to adopt one

without a deal on its budget

In i ts 1979 annual report,

Ilford bas plants at Brentford,

Under the proposed sale,

estimated at £50m-£50m.

Coral's hotels-21 in the UK

bouseholders'

tinued to rise — up 6.6 per cent measures accounted for much of ln the first quarter of this year the 43.5 per cent fall in the — the increase was more than demand for central beating oil offset by a fall in demand for ln the same period.

Fuel oil sales fell by almost Minister at bte Department of

third in the first quarter. Energy, responsible for energy

conservation

(Primary Free leput Basis)" 32-70 -

Energy demand down

6.6% in first quarter

This followed the breakdown same treatment as doctors, the police and the armed forces who had received "special case " pay increases. The unious had urged senting 130,000 nurses, will ber to make the political deci- wait to consider its positioin at sion that would have made it its annual delegate conference possible for negotiations with starting on June 16.-

management to be restarted. Mrs. Thatcher said during the one and a-half meeting of Downing Street that with improvements in hours and overtime. the offer to nurses was worth ahout 20 per cent.

She made clear that in the Government's view, it had more than bonoured its pledge to protect nurses pay. The pay bill for nurses would have risen 50 per cent to £2.4bn since the Government took office if the offer were accepted.

Mrs. Thatcher said that since 1978, nurses pay would have risen 65.5 per cent compared

single most effective conserva-

tion measure taken in the last

Already seosible energy pricing

had changed consumption pat-

coke 2ft per cent compared with

a retail price Index rise of 18

per cent. Gas prices, which went

Industry's bills for fuel rose

faster than the wholesale price

index (10 per cent). Heavy

raid on its London clubs and

offices. Since then, both the

police and the Gaming Board

bave applied for the cancella-

If Corals loses Its licences in

London or any of its provincial

anticipale trading for the whole

of this financial year," Mr Coral

As for the joint \$100m Ritz

Holel/Casino project in Atlantic City, New Jersey, be said Coral

would be prepared to surrender

its management contract if the

replacement manager also pur-

chased at cost its 20 per cent stake in Hardwicks, the U.S.

company organising the venture.

General profitability of the Coral group was being affected by bigh inflation and interest

rates, Mr Coral said: "We are

finding expenses increasing at a greater rate than revenue."

continuedw the sale of large

forma X-ray film to North America because the atrength of

aterling had made it unprofit-able. The report cited the five-fold increases in silver

prices and referred generally

the inadequate increases that

could be made to selling prices." It also mentioned "inherent structural weaknesses" in the

"fierce competiton and

clubs, it will appeal. "We'd

tion of the licences.

of this year.

quarter.

been asked to give nurses the with 66 per cent for doctors in the same period.

Any early action by nurses seems unlikely COHSE, repre-

Miss Catherine Hall, general secretary of the Royal College of Nursing, said it ws Inevitable that nurses would think more seriously about action other than all-out strikes. But the results of a ballot of its 137,000 members on whether to change the rules to allow industrial action are not expected till mid-

July at the earllest.

The National Union of Public Employees, representing nearly 80.00 nurses, is calling on its branches to seek early meetings with MPs to press for tha nurses' pay issue to be raised in

### Commodity deals 'may need curbs'

By David Lascelles in New York

delegates at a conference at MR PAUL VOLCKER chair-Goodwood, Sussex, that the man of the U.S. Federal Reserve man of the U.S. Federal Reserve Board said yesterday that some kind of Government control of

foray by members of the oilrich Hunt family showed that the futures markets had become tce important 10 remain beyond the tight control of the Federal

reflecting the electricity indus-try's switch to coal, the steel were "highly encouraging." cent, coal 28 per cent, electricity strike and depressed industrial He told commercial motoring 18 per cent, and gas 21 per cent. Several moves are afoot in Congress to give the Fed more direct control over trading terms

# Weather

UK TODAY

SHOWERS and sunny intervals. Temperatures below normal Loudon, S.E. England, E. Anglia Sunny periods, showers. Rather cool. Max. 13-15C

District, Is of Man, W. Scotland,
N. Ireland
Showers, sunny intervala
Wind moderate. Cool. Max.
11-13C (52-55F).
NE. Eogland, Borders, E.

Scotland rain and bright Rather cool Max. Cloudy.

Shelland Cloudy, rain at times. Wind northarly. Cool. Max. 9-11C

	iniude) (				HIT	
Ilford group. In London, Ciba-	i	٠Ċ	•F		.c	•F
Geigy said It had complete con-	Ajeccio F	19	55) Liebon	C	12	64
	Algiers F	22	72 Locatno	R	10	50
fidence in the Ilford manage-	Amsdm. C	13	55 London	C	11	52
ment. Asked if Ilford had been	Athens F	24	75 Lyxmbg.	C	12	54
speculatin gin silver, the	Bahrein S	34	93; Luxor	5	47	108
	Barcina. F	18	64: Medrid	F	18	64
company replied: "Most	Sevrut S	26	79 Majorca	F	22	72
certainly not. We are in the	Belfest F	9	48 Malaga	S	75	77
photography business.	Beigrd F	24	75 Malta	š	25	77
buggagighit protitions	Barlin C	15	59 M'chstr.	ř	12	54
	Brarritz F	12	54 Melbre.	ċ	17	63
	Bmghm. R	iī		č	15	59
•	Blackol. F	ii	S2 Marrest.	Š	22	71
	Bordy. 7	15				68
					20	
	Boulgn. R	11	52 Munich	ş	19	66
COMONAC	anstol C	14	S71 Neurobi	5	21	70
demands	Brussele R	11	521 Naples	F	19	66
MOHIMAN	audpal. C	23			11	52
	B Aires C.	15		S	19.	67
and the second second	Carent C	13	55 Nice	F	20	68
proposals tabled yesterday.	Cas'b'ca C	19	65. Nicosia	S	31	88
Earlier this year, France	Cape T. S	18	64; Oporto	C	1a	54
linked the budget and farm	Chicago 5	22	72 Oslo	R	12	54
maked the budget and latin	Contign. C	13		C	14	57
issues by insisting that any	Corfu F	23	73 Perth	R	20	58
hudget offer depended on	Bubba C	12	54 Prague	c	17	53
Britain dropping its demand for	Bbrynk, F	30	85 Reykjuk.	5	10	50
	Ednbah F	11	52 Rhodes	š	32	90
a price freeze and accepting	Fare C	20	68. Rome	č	20	68
a five per cent average price	Florence R	16	S1 Salzbo	ř	21	70

the farm price rise, and yester-day accepted in principle most John 5 15 of the proposals for lamb and L Pims. C 20

wasting away.

ket volume fell by around 3 per

loss elimination, but the reces-

slon has now spread to most

overseas markets and so long as

sterling and interest rates stay so high the outlook must be testing.

Beecham's last two sets of

rate movements reduced over-

seas subsidiaries' profits by

£7.8m; at unchanged exchange

rates, there was an 8 per cent-underlying rise in the second

half, and this seems to be the

justification for the 71 per cent

rise in the final dividend.

Beecham

ment's "grasping of the nettle might be needed.

Already sensible array pricing."

sional hearingsio Washington on the Hunt silver crisis that terns and had reduced overall | Congress fuel demand.

The Energy Department's still far from clear what kind statistics showed most domestic fuel prices rose at a faster and whether all commodities annual rate than the retail price should be treated differently, index in the first three months depending on their characteris-

The price of heating oils and . petrol rose 51 per cent, elect of those of Senator William tricity 18 per cent and coal and Proxmire, the influential chair-His views evidently fell short man of the Senate banking committee before whom Mr. Volcker was testifying. up 17 per cent in April, rose only 8 per ceot in the first

Mr. Proxmire said that col-lapse of the siver market in March following an Ill-fated

direct control over trading terms in commodities, a role which the Fed is rejuctant to assume. The commodity exchanges are expected to oppose bitterly any to March bad fallen only to £136.8m from £144.0m were with relief. Exchange

Midlands, E. and C., N. England Scattered showers, sunny intervals. Cool. Max. 12-14C

Channel Is., S.W. England, S. Wales Mostly dry, becoming cloudy. Wind moderate. Max. 14-16C (57-61F).

N. Wales, N.W. England, Lake

intervals. Rather cool. Max. 11-13C (52-55F). N.E. Scotland, Orkney and

48-52F). Outlook: Changeable, cool with some rain.

WORLDWIDE

	Edames in the Ment and the	Algiers	F	22	72 Locarno	R	10	50
	fidence in the Ilford manage-	Amsdm.		13	55 London	C	11	52
	ment. Asked if Ilford had been	Athens	F	24	75 Luxmbg.		12	54
	speculatin gin silver, the	Bahrein	S	34	33 Luxor	5		
	company replied: "Most	Barcina.	F	18	64: Medrid	F	1a	64
		Seirut	5	26	79 Majorea		22	72
	certainly not. We are in the	Belfael	F	9	48 Malaga	S	25	77
	photography business.	Reigra	F	24	75 Maita	S	25	77
		aerlin	Ç	15	59 M'chstr.	F	12	54
		a arritz	F	12	54 Melbre.	C	17	63
		8mghm.	R	11	52 Milan	C	15	59
		alackol.	F	11	S2 Marrest.	S	22	71
		Hordy.	7	15	59 Moscow	S	20	68
,		Boulgn.	Ř	11	52 Munich	S	19	66
	6 0 700 0 70 6 0	anstol	C	14	S71 Neurobi	5	21	70
	aemanas	Brussele	R	11	521 Naples	F	19	66
	demands	audpal.	Ç	23	73 Newcstl.	F	11	52
		8 Aires	C.	15		5	19.	67
		Carent	C	13	55 Nice	F	20	68
	proposals tabled yesterday.	Cas'b'ca	C	19	66: Nicosia	S	31	88
	Earlier this year, France	Cape T.	S	18	64; Oporto	C	12	54
	linked the budget and farm	Chicago	5	22	72 Oslo	R	12	54
		Confign.		13	55 Pens	Ç	14	57
	issues by insisting that any	Corfu	F	23	73 Perth	R	20	58
	hudget offer depended on	Dublin	C	12		C	17	53
	Britain dropping its demand for	Dbrynk.	F	30	85 Reykivk.	5	10	50
	a price freeze and accepting	Ednbah	Ē	11	52 Rhodes	S	32	90
		Faro	C	20	68. Rome	C	20	68
	a five per cent average price	Florence.		16	S1 Salzbg.	F	21	70
	rise for 1980-81. France thought	Frankly	F	71	70 Singapr.		31	.87
	Britain should accept proposals	Funchal	8	19		Ç	1a	56
	to include lamb in the Com-	Geneva	R	11	52 Straabg.	C	15	61
		Gibritt	F	20	68 Sydner		12	64
	mon Agricultural Policy and	Gistoom		11	52 Tangier	С	17	63
	accept an outline agreement for	G'msey	С	11	52 Tel Aviv		24	75
	a common fisheries policy.	Melsinke		12		F	12	64
	a ramman usineries bone.	H Kong	S	28	57 Tokyo	Ş	28	82
	market between the belonger	lanshek.	F	19		5	19	65
	Britain has already hinted	Invinse.	F	11	52 Tonis	F	21	70
	that it will ultimately accept	L. g. Man	F	11	52 Valencie		21	70
	the form makes when and market		S	26	75) Venice	F	1a	84

THE LEX COLUMN

# An endurance test for Courtaulds

tained Its dividend and even Index rose 1.2 to 417.8 after yesterday's 3p rise in the sbare price to 72p on the news the yield is no less than 18.4 per cent. Like Dunlop or Turner and Newall the group is trapped with an unrealistic level of payout; the Board must fear the BEECHAM consequences for the share price if the dividend were cut, and there is the thought that a divi-dend costing £23.4m (plus a chunk of unrecoverable ACT) is not worth too much worry for a group with capital employed of well over £800m and debt approaching £400m. At any rate there is no cash crisis at Cour-taulds, thanks partly to the decision to trim back capital spending last year to £74m from the planned £100m or so, and thanks also to tight control of working capital; net borrowings appear to have risen by only £23m.

Courtaulds has duly main-

Cash is what counts now. The profit figures—showing a pre-tax improvement from £64m to £68.1m—mean very liltle, for The group's pharmaceutical business is still under heavy pressure, with costs rising fast and price increases almost unthey are distorted by inflation and era struck before some obtainable outside the UK. Trading profits bave fallen £20m to £70m, and the intro-£26m of closure provisions. Current cost figures indicate a bare breakeven before tax, confirm-ing that after tax and dividend outgoings Courtaulds is slowly

The worst pressures bave, of course, been faced by the UK textile operations. Home marcent last year, and although exports were bravely raised slightly, this has now largely turned into a marginal costing the market while the Jovan per-fume business covered the financing costs of its \$85m acquisition. Bovril is unlikely exercise. Even so the group's cellulosic fibres-which use wood pulp as a raw material ralber than oil-based feedslocks do as much this year, but -increased their contribution, the longer run some more while paint and cellophane did UK profits must be welcome to well and overseas trading pro-fits rose by nearly balf. This a group which cannot at present offset its advance corporayear the group's closure pro-gramme should allow further tion tex liability. Unless sterling and interest

rates fall far and soon, Beecham looks set for another year of stagnanl profits around the £140m level, which may leave it reluctant to raise the dividend by very much. But the shares, up 5p yesterday at 113p, where the yield is 8 percent and the p/e on stated earnings below 9 times, no longer look downright expensive. look downright expensive.

riest the god news: ICL has continued to push volume Longho's latest circular to growth ahead in the first six House of Fraser shareholders and much faster than the avermarket following the introduc- at 150p.

Once the changed treatment of Once the changed freatment of depreciation is taken into account, ICL's pre-tax profits of £20.5m are unly 4.3 per cent higher. The share price gained 1p yesterday to 130p.

Interest charges have risen by 46 per cent to £11.4m, parily referring an increase of about

reflecting an increase of about £15m in debl, mainly in ECGD finance for exports. diargins overall have slipped by a seventh and the halving in the overseas tax bill suggests that the bulk of the decline has come here. Nevertheless orders for the new products look extremely tic new products look extremely healthy and, in spite of the strong pound and high domestic inflation and interest rates. ICL's margins seem to bave been squeezed less than for all but a handful of its international competitors. Pre-tax profits for the year should be about 150m, against 1457m, producing a prospective p/e of 7, fully taxed, and of 4 on the actual tax charge. This is actual tax charge. This hardly a damanding rating.

### Borthwicks Even by the drastic standards

In happy contrast, consumer products have performed well. Beecham's push into the U.S. loks promising—losses on the Aquafresb toothpaste launch of the contrast launch c of the beef cycle, the collapse in Borthwicks earnings has wicks was caught hy a 25 per cent fell in U.S. beef prices. which led to stock write-downs nn mest being shipped from Australia - £4m in the first half and a further 12m to In one obscuro passage, the

company's atatement seems to be pluning the blame for this misadventure on the Ayatollah More simply, perhaps, high inicrest rates led to wholesale slaughtering of plgs and poultry, a glut of pork and chicken, and a downward spiral In all meat prices. Borthwicks' UK and French retail butchers are doing nicely, and the U.S. beef price has steadled, but II is not surprising that the ques-tion of whether even a notional dividend can be paid has been postponed for another in

### Lonrho/Fraser

months at much the same rate conlains the poorly researched as last year, at 211 per cent, claim that Fraser's dividend yield is only 4 per cent. In fact age for the industry as a whole. the universal convention is to But margins have come under state yields gross, so that the pressure in the competitive return is in fact 5.7 per cent

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